



**ROAD TRANSPORT FORUM NEW ZEALAND INC  
SUBMISSION  
ON  
Occupational Shortages Review**

Contact:

**Mark Ngatuere**  
Policy Analyst  
Road Transport Forum NZ  
P O Box 1778  
**Wellington**

Ph: (04) 471 8285  
Fax: (04) 471 2649  
E-mail: [markn@rtfnz.co.nz](mailto:markn@rtfnz.co.nz)

**MAY 2012**

# **SUBMISSION BY ROAD TRANSPORT FORUM NEW ZEALAND TO THE DEPARTMENT OF LABOUR ON THE MAY 2012 REVIEW OF THE ESSENTIAL SKILLS IN DEMAND LISTS**

---

## **1.0 ROAD TRANSPORT FORUM NEW ZEALAND**

1.1 Road Transport Forum New Zealand (RTFNZ) is a nationwide organisation of voluntary members drawn from the road transport industry and includes owner-drivers, fleet operators and providers of services to freight transport operators. The Forum provides services and public policy advocacy for its members.

1.2 The Forum's Constituent Associations include:

- National Road Carriers (Inc)
- Road Transport Association NZ Region 2 (Inc)
- Central Area Road Transport Association (Inc)
- Road Transport Association NZ Region 4 (Inc)
- Combined Owner Drivers Association (S.I.) Inc (*Trading as NZ Trucking Association*)
- Road Transport Association NZ Region 5 (Inc)

1.3 The Forum's Associations have approximately 4,000 members and associate members who operate in excess of 17,000 trucks and truck combinations over 3,500 kg or 80% of the hire and reward truck fleet in New Zealand. The road transport industry turns over approximately \$6 billion a year transporting more than 80% of New Zealand's land-based freight. Some 23,000 people or about 1.5% of the workforce are directly employed in road freight.

## **2.0 Forum Objectives.**

2.1 Our objective is to have skilled drivers remain on the ISSL, to have skilled drivers added to the LTSSL, & to have skilled drivers recognised as meeting ANZSCO classification 3.

### 3.0 **The road freight industry's contribution to the New Zealand economy**

3.1 The road freight transport industry (the industry) is responsible for transporting approximately 80% of land-based freight. The growth in demand for road freight services is taking place at a rate substantially greater than growth in GDP.

3.2 The industry continues to suffer a severe shortage of skilled drivers that are able to demonstrate high levels of driving aptitude. This is clearly illustrated by the continual listing in all provinces of the truck driver occupation on the Immediate Skills Shortage List<sup>[2]</sup>.

3.3 The industry finds itself constrained by the lack of skilled drivers and is increasingly unable to improve productivity to match the increasing demand for freight services. This has the potential to suppress economic growth and jeopardise road safety if not addressed.

3.4 The New Zealand productivity commission released its report on International freight Transport Services in April 2012. The report reveals (page 253) that the vast majority of domestic freight is carried by road and only 21% of the freight task (by tonnage) is contestable by rail. With a predicted 75%- 100% increase in the freight task by 2030 it is clear that a chronic shortage of skilled heavy vehicle drivers will pose a major and escalating constraint on economic development.

#### **Demand For Drivers Is Global.**

3.5 There is a global demand for HGV drivers. This demand is resulting in many skilled and prospective New Zealand drivers taking up driving opportunities overseas in countries that offer higher incomes and improved conditions. Thereby depriving New Zealand of skilled

---

[2] Previous submissions by Road Transport Forum NZ have provided details illustrating the extent of driver shortages. These details are able to be supported by independently conducted industry shortage reports. As these reports have been provided in the past we have chosen not to include them within this submission.

resident drivers. Immigration constraints in New Zealand are preventing the employment of immigrant drivers to fill the deficit.

**Additional Factors Affecting Recruitment.**

- 3.6 Truck driving requires commitment and dedication to contend with anti-social work hours and often hard physical work in harsh conditions. These adverse perceptions hinder recruitment.
- 3.7 Schemes and promotional material to increase driver numbers recruited from schools have been put into place but they are not satisfying the need for skilled drivers. Transport operators and customers alike are averse to entrusting valuable equipment and product with less experienced drivers.
- 3.8 The industry is therefore faced with the conundrum that even if there were adequate numbers of school leavers or prospective drivers available to take up driving careers, customers and transport operators alike must hire experienced drivers when filling vacancies to drive vehicle combinations that require high levels of competence and experience to operate. New entrants to the driving profession must gain sufficient experience in smaller vehicles.

**Transient workers**

- 3.9 The notion has been advanced that transient workers, available as a result of the current economic climate, may choose to take up careers as truck drivers and that doing so may adequately address skilled driver shortages in New Zealand which would reduce the need to have skilled migrant drivers added to the LTSSL.
- 3.10 While the primary purpose of this document is to ensure that skilled migrant drivers are added to the LTSSL it would be remiss not to consider ways of maximising the opportunity offered by unemployed New Zealand residents that may seek to take up employment as heavy vehicle drivers. However, it is necessary to balance the

advantages associated with employing unskilled New Zealand residents as truck drivers with the real disadvantages.

3.11 It is likely that the potential truck drivers under discussion will not be suitably licensed or have the immediate skills to competently operate heavy vehicles. Therefore, it is inevitable that delays will exist before prospective drivers will be able to gain the necessary licence classes and be sufficiently trained to competently operate heavy vehicles and to be considered as adequately skilled.

3.12 Given that that long term driver shortages will not be sufficiently addressed by New Zealand's unemployed there would still be a need to ensure that driver shortages could be addressed by enabling skilled drivers to enter the Long Term Skills Shortage List.

3.13 However, further discussions regarding the utilisation of transient workers would be welcomed by the road freight industry to assist New Zealand's economic development.

#### 4.0 **Immediate skills shortage list**

4.1 Truck drivers have for a number of years been listed on the ISSL nationally (i.e. in all of the list's regions).

4.2 Given the historical listing of truck drivers on the ISSL, the increased future freight predictions and that there is still a severe shortage of drivers in New Zealand it is essential that truck drivers remain on the ISSL.

4.3 Current driver shortages are evidenced by the continual nationwide listings for truck drivers in varying media and employment mediums.

#### 5.0 **Long Term Skills Shortage List**

- 5.1 For a number of years we have sought to have the truck driving occupation added to the LTSSL.
- 5.2 The truck driving occupation has not been included on the LTSSL as occupational classifications within the LTSSL's skill and remuneration criteria rejects suitably skilled drivers.
- 5.3 The primary reason that skilled drivers are being denied entry to the LTSSL is that the DoL's approach is to consider all drivers as a collective group.
- 5.4 The DoL have previously failed to recognise that as with any other occupation, there are sectors of employees within our industry that are skilled and able to meet LTSSL requirements while there are also unskilled drivers that are not.
- 5.5 This broad brush approach is denying skilled drivers the opportunity of entering the LTSSL and places a severe constraint on the productivity of the road freight transport sector.

## 6.0 **Qualification**

- 6.1 Drivers that wish to gain permanent residence under the LTSSL do so according to the DoL's Skilled Migrant Category (SMC). The SMC requires prospective residents to complete an Expression of Interest, which is used to determine whether the applicant has the necessary skills and experience the Government requires them to have to be offered residence.
- 6.2 The SMC's approach is to recognise migrants that have gained qualifications that are required according to the status of their occupation. As such the SMC requires applicants to hold ANZSCO level 3 & 4 qualifications.

- 6.3 Drivers are classified by the ANZSCO classification at level 4. Given that drivers are required (according to the LTSSL) to hold level 3 or 4 qualifications it would seem that level 3 is the LTSSL's preferred level of qualification, otherwise level 4 qualified drivers would have been placed on the LTSSL already.
- 6.4 Due to the generalist approach that has been applied to truck drivers skilled drivers are not being provided with the recognition that they possess higher levels of competency than unskilled drivers.
- 6.5 It seems sensible to expect that if unskilled truck drivers are recognised as being level 4 qualified then those truck drivers that are able to demonstrate higher levels of competence should be assigned a higher qualification than level 4.
- 6.6 Skilled drivers should be recognised as meeting ANZSCO qualification level 3. The snag with this proposal is that a minority of truck drivers have taken the opportunity to actually gain the tertiary equivalent of a level 3 qualification.
- 6.7 However, there are occupations listed in ANZSCO classification 3 that are similar to the truck driving occupation, whereby relatively unqualified trades people that are able to meet specific requirements (e.g. welders holding specific welding tickets and trade certification. Mechanics holding trade certification, or its equivalent) are recognised as meeting ANZSCO level 3 classification.
- 6.8 As with other trades listed at ANZSCO level 3 the truck driving occupation has specific criteria to recognise skilled employees from unskilled employees.
- 6.9 The industry's specific criterion is the gaining of class 4 and 5 licences. Class 4 and 5 licences are required to operate high mass combination vehicles and are not usually sought by operators of single vehicles which require significantly less skill to operate.

6.10 The attaining of class 4 and 5 licences signifies that the necessary time has been dedicated to gaining them. During the process of gaining class 4 and 5 licenses drivers develop their skills and as they progress through licence classes they are required to pass requisite tests.

## 7.0 **Remuneration criteria**

7.1 The two main remuneration criteria for entry onto the LTSSL are that applicants are salaried employees and that they are remunerated at a minimum of \$45,000 per annum. The DoL insists that these criteria reflect professional business conditions.

7.2 We do not dispute the \$45,000 remuneration requirement as setting remuneration requirements at this level ensures migrant workers are not employed at rates that would undercut New Zealand salaries.

7.3 However, we disagree with immigration policy that both skilled and unskilled truck drivers should earn a minimum annual salary of \$45,000. Skilled truck drivers are being denied admission on to the LTSSL as the majority of unskilled drivers are unable to meet the \$45,000 remuneration threshold.

7.4 Employers who wish to attract and retain skilled drivers are remunerating their drivers at levels well above \$45,000 based on normal industry wide hours of work.

7.5 Skilled drivers that are meeting the \$45,000 salary threshold are being denied entry to the LTSSL as (per the industry norm) drivers are waged rather than salaried employees.

7.6 It is unacceptable that skilled drivers are exceeding the \$45,000 threshold but are denied admission onto the LTSSL on the grounds that they are waged rather than salaried employees. The method of

remuneration should not detract from the fact that skilled drivers are being paid in excess of \$45,000 annually.

7.7 Differences between skilled and unskilled drivers should be recognised by the LTSSL. That inexperienced drivers are not being remunerated at \$45,000 should not be used as evidence that the transport industry is not recognising its skilled (holders of class 4 & 5 licences) drivers.

7.8 The LTSSL requirements should be amended to disregard whether drivers are salaried or waged employees and concentrate more on the band of drivers that are able to meet remuneration criteria.

#### 8.0 **ANZSCO qualification**

8.1 There is a difference between skilled drivers and unskilled drivers. We define skilled drivers as those that are able to competently operate high mass combination vehicles. Operating higher mass combination vehicles requires levels of experience that less skilled drivers have not obtained.

8.2 It is necessary to understand this differentiation as there seems to be a misunderstanding that all truck drivers should be considered equally in respect to experience because they all drive trucks for a living.

8.3 As part of the 2010 Occupational Shortages Review ISSL qualification requirements further restricted the opportunity to employ migrant drivers by requiring that drivers hold class five licenses, have three years minimum experience and operate vehicles with a gross combined mass more than 25,000kg. While we initially welcomed this initiative because it apparently differentiated between skilled and unskilled drivers the policy change has not addressed the industry's needs to get drivers on to the LTSSL.

- 8.4 The truck driving occupation is listed under the ANZSCO qualification at level 4. Skilled drivers do not belong on ANZSCO classification 4. There is a clear difference in the skill and experience required by competent truck drivers compared to the other occupations that are listed on ANZSCO classification 4.
- 8.5 The majority of occupations that are listed at ANZSCO level 4 do not remotely require the same level of training or aptitude that skilled drivers possess and retaining the more highly skilled drivers on ANZSCO level 4 is insulting.
- 8.6 Included on ANZSCO skill classification level 4 are occupations such as Scaffolders, Dental assistants, Travel consultants, vending machine consultants, shelf fillers, house keepers, car detailers and other occupations that do not seem to require anywhere near the same level of training and aptitude that truck drivers that hold class 4 and 5 licences are required to obtain and display.
- 8.7 The drivers of smaller sized trucks (which could be regarded as an extension of driving a car) do not have the skills, or licence classes that heavy combination drivers do and therefore these drivers should remain at ANZSCO classification 4.
- 8.8 Occupations listed on ANZSCO level 3 are more closely aligned with the skills, training and aptitude that skilled drivers possess.
- 8.9 Skilled drivers should be accorded the same recognition which the ISSL uses by recognising that drivers that hold class five licenses, have three years minimum experience and operate vehicles with a gross combined mass more than 25,000kg as being level 3 qualified.

## **Conclusion**

Immigration policy is constraining the road freight sector's ability to support current economic growth. Predictions are that the freight task will double by 2030.

It is erroneous to expect that increases in the freight task will be able to be achieved through modal substitution to rail or coastal shipping. While both rail and coastal shipping will need to expand capacity the overall modal proportions are not expected to change significantly as only a small proportion of the road freight task is contestable by rail or shipping.

Globally there is a shortage of skilled drivers. The shortage is so great that road freight transport companies overseas have resorted to purchasing competitor companies, disposing of equipment and retaining drivers to meet shortfalls. The International Road Transport Union recently passed a resolution concerning ongoing driver shortages within the road transport sector worldwide and have identified the need for concerted efforts to avert a major crisis in the sector.

New Zealand is not isolated from this phenomenon. There is a shortage of skilled drivers in New Zealand. Immigration policy must be changed to enable the road freight transport industry to support economic growth.

Skilled drivers that hold class 4 or 5 licenses must be placed on the LTSSL.