

Executive summary



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While policy-makers grapple with the dynamics of an Australian economy in transition, there is unanimous agreement that increased productivity is a key factor in supporting the country's future prosperity. The Transport and Logistics Industry Skills Council (TLISC) recently commissioned Monash University's Centre for Economics, Education and Training (CEET) to undertake an assessment of the productivity climate specifically in the transport and logistics Industry.

The research report provides TLISC with a window into the current trends in productivity growth and assists in the targeting of training needs to meet future demand.

Although productivity figures have been on the decline over the past 15 years, Transport and Logistics sectors are still out-performing other industries and are experiencing above average growth rates.

A great sign for the industry is its above-average gross value added hourly rate of \$69. This means an hour's work in the Transport and Logistics industry is 6.1 per cent more productive than the average hourly rate of the Australian economy at \$65.

Assessing productivity has its challenges, as for many countries and industries productivity growth is cyclical. Hence different economies can be at different stages of the productivity cycle, making specific comparisons difficult.

Taking this into account, Australia's Transport and Logistics industry has been a strong performer. Between 1983 and 2007, productivity growth in the Transport and Logistics sectors was generally higher than productivity growth in the whole economy for most countries for most periods.

When measuring productivity growth there are a number of factors that influence economic growth. Innovations in technology or technique and their diffusion and adoption are perhaps the most commonly perceived source of productivity growth. But it is important not to overlook other areas that offer real measures of improved productivity, like the quality of the workforce.

A more skilled workforce in many circumstances can produce more than a less skilled workforce allowing for the costs of training and possibly higher salaries.

Although it is clear our economy is in a state of transition, there is a bright future for the Transport and Logistics industry. As the economy shifts away from manufacturing towards service industries, the investment Transport and Logistics has placed in up-skilling its workforce will put the industry in a strong position to take full advantage of Australia's ever-changing economy.

Key points

The Australian economy

- ▲ Growth in productivity of all types has declined recently to historically low and sometimes negative levels over about 15 years.
- ▲ Improvements in education and training play an important role in productivity, productivity growth and hence economic growth.
- ▲ Levels of absolute total factor productivity are comparable with the USA, Canada, Western Europe and Japan—productivity and productivity growth are not the same as international competitiveness.
- ▲ Labour productivity growth ranks a little below the middle of a group of 35 mostly OECD countries and has fallen only very slightly compared with other countries over the last two decades. The small relative decline in Australia's labour productivity growth is partly because labour productivity growth has also declined in many other countries.
- ▲ Multifactor labour productivity growth is at the lower end of a group of 15 mostly OECD countries and has fallen compared with other countries over the last decade. Growth in multifactor productivity has also declined internationally over the last decade.

The Australian Transport & Industry

- ▲ While the TLISC training packages focus on jobs in the Transport Industry, the correspondence between TLISC-relevant occupations and the Transport, Postal and Warehousing industry category is only approximate.
- ▲ An hour's work produced about \$69 in gross value added in 2011, which places the industry just above the average for the Australian economy (\$64 per hour).
- ▲ Over the last 25 years or so,
 - labour productivity has grown only slightly slower than in the market economy (2.1 per cent compared with 2.3 per cent per year). Labour productivity growth has been slowing in recent productivity cycles—0.4 per cent per year in the most recent productivity cycle is the lowest of the five cycles from the mid-1980s.
 - capital productivity growth has declined less in the Transport & Logistics industry than in the market economy overall.
 - multifactor productivity has grown faster than in the overall market economy—1.2 per cent compared with 0.9 per cent per year. Nevertheless, absolute and relative multifactor productivity growth have declined sharply during the current productivity cycle, falling to minus 1.1 per cent per year, well below the long-term average of plus 1.2 per cent.
- ▲ Productivity changes contributed only slightly to the national decline in market MFP growth in the second half of the 2000s.
- ▲ Between 1983 and 2007 average productivity growth has been lower than the average productivity growth in the Transport & Logistics industries of a number of mostly OECD countries for which data were available.

