INDUSTRY PROFILE - Warehousing & Logistics

Transport, Postal & Warehousing
Warehousing and Storage Services

ANZSIC: 5301

Report Prepared June 2022

LOGISTICS & DEFENCE SKILLS COUNCIL

Industry Regulatory / Licencing Bodies

- WorkSafe WA is an agency within the Department of Mines, Industry Regulation and Safety (DMIRS) and is responsible for the administration of the Occupational Safety and Health Act. This includes the licencing and registrations for forklifts.
- Main Roads WA is responsible for the enforcement of Chain of Responsibility legislation. Anyone who has control within the transport chain can be held legally accountable if by action, inaction or demand they cause or contribute to road safety breaches.

Industry Development and Workforce Opportunities and/or Challenges for Industry

2.1 Industry opportunities affecting the current and future supply and demand of industry's skills and workforce

- According to IbisWorld, (2020) the contraction in imports and exports will see industry revenue continue to decline by 1.5% nationally in 2020. The Warehousing and Logistics workforces are undergoing significant double disruption with both the impact of COVID-19 still being felt across the supply chain, as well as the impact of digital disruption (i.e. automation, big data etc).
- A recent Gartner report (February 2021) identifies that traditional supply chain industries faced the biggest share of disruption and competition form non-traditional ones (i.e. digital giants). They are believed to be far more agile and responsive, adapting operating models to business models and have an innovation mindset. During 2021 this sector was also impacted by competition for rental space, affecting not only retail and CBD office spaces, but also affecting industrial areas.
- Due to the dramatic increase in e-commerce (as well as in brick-and-mortar companies moving to online platforms), worker strikes, and other supply chain issues there has been significant innovation and disruption to the postal and supply chain industries. Both retailers and consumers are now seeking independent delivery services to bypass some of the delivery delays (in some cases up to 6 weeks) within the Australia Post network. This has seen a rise in smaller courier type companies as they attempt to establish a presence within WA. This has also contributed to an increase in B2C and B2B businesses as start-ups and independent delivery companies are able to “side-step” the current issues facing logistics systems. This will have flow-on affects for the future supply chain workforce.
- One of the strategies used by industry to encourage more diversity in its workforce (i.e. women, CaLD groups) includes using alternative phrasing (i.e. less industry jargon) in marketing and recruitment campaigns. This also includes using multiple platforms to advertise available roles to reach target groups, rather than traditional methods.
- Given the changing economic, geo-political, technological, and environmental impacts over the last 18 months, the supply chain is currently undergoing a period of rapid evolution/disruption. In particular there are several trends which may have an impact on the future and current workforce requirements (particularly for the higher-level occupations such as Transport Coordinators, Schedulers/Fleet Manager, Procurement Managers Supply and Distribution Mangers etc).
    1. Geopolitics: This impact of Geopolitical events (such as Tariffs introduced under the Trump administration, World Trade Agreements well as the Australia’s relationship with China, the Ukraine-Russia Conflict and Sanctions) as well as the pandemics impact in Australia has changed the way supply chains operate. Where previously (pre-COVID-19) organisations were encouraged to operate “lean” though regular and limited partnerships, companies are now decentralising and diversifying the number of suppliers they work with to ensure there are buffers in place to promote the resilience of their supply chain should world events impact their operations as was seen with COVID-19. This will change the way procurement, contract negotiation and contract management operate within an organisation as well as the type of skills they need to manage this framework (i.e. cultural awareness).
    2. Cybersecurity: As supply chains are becoming increasingly reliant on the use of technology and digitisation, cybersecurity skills will become increasingly more important for industry (as seen in

2020 when TOLLs operations were crippled by a several ransomware attacks). Further the increased use of technology such as Drones within the supply chain may expose newer vulnerabilities within the supply chain which will need to be addressed. These critical skills may be incorporated into existing logistics roles (for instance increasing the complexity and type of skills needed by Schedulers) particularly for smaller and medium sized companies.

3. Digital Fluency: Digital skills are becoming increasingly more sought after within the Supply Chain across all levels. This will change the skills required for those entry level roles, as some tasks will be incorporated or replaced by the use of technology. Skills such as emotional intelligence, cultural awareness, effective communication and understanding industry 4.0 will be required to assist workers to communicate as the Business to Business (B2B) and across the international/global supply chain paths are more used.
4. With the implementation of Big Data, AI, automation, blockchain, and the Internet of Things (IoT) the complexity and richness of data is growing (including the need for cybersecurity to protect companies' data), providing businesses with more opportunities to apply new analytical data to decision making to improve efficiencies and to tailor services to customer requirements. In larger organisations this may lead to the introduction of new or hybrid roles, with employees working to apply this knowledge to improve efficiency (such as in Scheduling decisions). Analytical skills will become more in demand, requiring workers to be trained in how to curate and analyse, interact, apply and interpret big data from a wider range of sources within the supply chain. These types of skills (technical and analytical skills/knowledge) will be required for entry level and higher-level roles (i.e. Scheduling)
5. Technology Changes (Automation, Semi-automation and Drones): The use of Drones within industry continues to be at a slower rate with pilot programs in the Eastern States beginning to trial their use for deliveries, or within Warehouses to assist with pick/pack (inspection/inventory control) or maintenance roles. Currently the legislation and vertical infrastructure does not yet exist in WA to allow Drones to operate in this capacity and this uptake (in WA) will be some years away. These areas will need to be monitored for how to incorporate this into training and development for roles within the supply chain (including how to incorporate the legislative framework, compliance etc beyond the ability to operate the Drone). In addition, given the substantial increases in the postal network, more warehouses are looking at automation within their processes. This will be at a slower rate compared to the East Coast. In part because the infrastructure and warehouse space for many companies has already reached capacity and organisations are having to develop or build new warehouses to cope with the scale of stock being seen. In addition, Omnichannel / reverse logistics continues to grow as companies invest more in ways to improve the efficiencies involved with the return of products within the supply chain.
6. Global Warming: Over the last 5+ years Australia has been impacted to a large degree by Global Warming events such as bushfires, and floods. These have caused a large disruption within the supply chain (i.e. rail closures etc) which have caused companies to diversify their operations to ensure their supply chain are able to recover, rebuild and embed resilience in future operations. To date, these impacts have caused industry to operate from a rescue/reactive position to address impacts caused by these events and have also seen a rise in humanitarian logistics. However, companies are now understanding these practices need to be incorporated earlier into their operations as they are no longer seen as standalone events. This type of understanding needs to be incorporated into training, particularly for those higher-level roles to ensure they understand how to address and embed these processes within the supply chain, as well as their role in the overall supply chain.
7. The Rise in Third Party Logistics and Business to Business (B2B): In general warehousing companies had been absorbing rising costs into operational budgets (i.e. fuel, COVID-19 testing, warehouse space etc). However, these costs will eventually need to be passed onto consumers and these factors may impact (and grow) the number of 3PL suppliers who can lease some of their warehousing space to smaller online retail companies. In addition, industry is seeing an increase in Business to Business operations.

2.2 Existing and anticipated supply and demand for skills

- Business (B2C) transactions, which effectively cut out the middleman in order to build and incorporate more efficiencies into the supply chain. This will have a flow on effect to the number of job roles such as picker/packers, storeman and warehouse administrators required by industry.
- Although there are some depots located regionally most of the workforce (Approximately 75% to 80%) is located in the metropolitan area, with most of supply chain operations headquartered here. However, there are some satellite depots/warehouses located regionally were workers will also be required and which may also be affected by the trends being seen in the metropolitan areas. These changes (i.e. uptake of automation etc) will be at a much slower rate than what will occur within metropolitan areas (and slower again than what is being seen on the East Coast).
- Industry has reported that in some cases there is an aptitude vs attitude fit with candidates who undertake traineeships. Industry requires trainees to possess not only the foundational knowledge to work in the areas (i.e. for entry level roles), they also require an adaptable and agile mindset for workers to be able to deal with more complex challenges and pressures of the supply chain, particularly for those roles at the higher end of the spectrum. Trainees who do not possess this attitude fit are at risk of burning out and not lasting in the role.
- Industry is continuing to experience difficulties attracting new people to the industry, particularly for those roles that are highly mundane, physical and repetitive (ie picking).

2.3 The impact of COVID-19 to the workforce

- The demand and growth rate of some sectors (i.e. food and beverage) increased dramatically due to the influence of COVID-19 and generated greater activity in fulfilment and distribution centres. However, other market segments have not been as fortunate. This was further exacerbated by a combination of market forces and the lack of an online presence / ability to pivot and compete for some organisations.
- Some smaller companies within the Northwest needed to temporarily stand down employees and create job-share roles for remaining staff due to the decrease in demand for this area due to the border closures and the decline in tourism activity within this area. Smaller companies were heavily reliant on JobKeeper to retain their staff, with many companies lacking the work to sustain their workforce.
- Although many medium and large organisations reported no job losses there were roster changes to accommodate fluctuating change in demand, with more afternoon shifts and less morning work. In many instances demand for workers continued to increase rapidly across the supply chain due to the growing emergence of e-commerce and other factors influencing market conditions. As an example, Woolworths reported a 320% increase in the use of its online shopping and catalogue browsing within its app.
- Growth in the workforce mostly affected those in the roles of Storemen and Pickers and Packers, as well as those responsible for amending procedures/and policies that needed to be adapted. In the logistics space, there has been a redeployment of workers to assist with clearing goods with additional ongoing cleaning regiments needing to be met[i].
- For those organisations state-wide that had no changes to staffing levels, it was noted that the pandemic provided valuable insights and opportunities to invest further in digital transformation and integration with operations. This will require an evolving set of skills moving forward.

Training and Education Needs

3.1 Current and anticipated training needs of industry

- Skills Sets are preferred by industry to advance skills and upskill workers in response to specific industry areas. Industry continues to have a growing need for more flexible training and skills sets that can quickly respond to rapidly changing industry requirements.
- Industry prefers on-the-job learning, whilst acknowledging that some theory components have to be delivered through other means (i.e. IBT). Industry values the accumulated experience (particularly of Managers), more highly than qualifications.
- Some TAFEs and RTOs in metropolitan areas have strong links with local employers (in medium and large organisations) to ensure staff have opportunities to return to industry and maintain

currency. This is essential in ensuring staff are abreast of relevant technological or innovative changes impacting the workforce and training for future workers. These relationships need to be two way ensuring both industry and TAFE/RTOs are working in a collaborative capacity. In particular, TAFE/RTOs need to promote training to industry employers to create awareness of available training and pathways, rather than promoting training exclusively to employees or career seekers. However, better links with industry through, partnerships and industry working groups are needed. This would assist RTOs and TAFEs to foster more and varied opportunities for staff to return to industry to maintain their currency. In addition, it would assist RTOs and TAFEs to ensure they are aware of industry issues, challenges and barriers to training.

- Some organisations plan to create more strategic and targeted career pathways by partnering with universities and VET institutions. This is intended to offer graduates with links to relevant work experience and to create more flexible opportunities in the future.
- The Supply Chain and Logistics Association of Australia (SCLAA) has partnered with Comprara to provide a Supply Chain Assessment Platform, a skills gap analysis tool. The tool identifies areas of professional development and growth for existing workers and encourages continuous learning. This may be a potential avenue for future collaboration and partnerships between industry and TAFE/RTOs to provide targeted/tailored training to industry across common areas where skills development needs have been identified.

3.2 Training challenges/opportunities existing for industry within the training sector

- As these higher-level roles become increasingly complex, additional training and specialisations will be required (within the Certificate IV and Diploma levels) which does not currently exist within the training packages. The current Certificate IV and Diploma in Supply Chain/Logistics may need to be reviewed to ensure these newer skills identified in section 2.1 are embedded at the higher levels.
- Industry is also receptive of the additional funding provided under the JobTrainer initiative, as a result of COVID19, businesses (small, medium and large) state-wide utilised JobKeeper and JobTrainer funding where workers had been stood down. This will continue with employers continuing to use JobTrainer, with the following traineeships eligible as free or low-fee under this scheme; TLI40319 Certificate IV in Logistics, and TLI50219 Diploma of Logistics. These qualifications can be used for Despatching and Receiving Clerk or Supply and Distribution Manager occupations respectively.
- In Metropolitan areas the investment in new technology is occurring, albeit at a slower pace to Eastern States counterparts. Although these skills will be essential for these operators, it is likely employers will develop these skills in house to ensure any training aligns with the specific components of the new technology (i.e. software, equipment etc).
- To some degree TAFE and RTOs are providing training relating to digital skills and technology, however, they are competing in this space with vendor-based training, online tutorials and in house peer to peer training (i.e. buddy systems where younger workers mentor older workmates to foster continuous learning. Although industry does engage with training providers via the VET system the complex and sophisticated data software most companies prefer to offer this training in house where it can be customized to their specific system and needs.

3.3 Career pathways and graduate outcomes

- As noted earlier, Industry values the accumulated experience (particularly of Managers), more highly than qualifications. Just doing higher qualifications does not guarantee a position at the higher levels without the experience to back it up. For this reason, industry prefers to promote internally from within the organisation for higher level roles as sourcing external candidates can take longer to develop the knowledge of the internal workings of the business. This can often impede the progress/success of external candidates (including graduates) given the complexity and nature of the knowledge needed for these occupations, making new and inexperienced graduates unsuitable for these roles for any company state-wide (i.e. Fleet Manager, Supply and Distribution Manager and/or Procurement Manager).

- Skills sets do not necessarily help new graduates to attain a job; however they will assist newly employed workers to hone requisite skills needed within an existing area once they have been hired[ii].

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