The Changing Face of Rail
A journey to the employer of choice

Attraction and Retention of Employees in the Australasian Rail Industry
Acknowledgements

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Message from the ARA Chairman

It is very clear that people are the pillars on which the Australasian rail industry has been built. We are all aware of the high impact that the workforce has in our industry.

It is also unquestionable that issues affecting the Australasian labour market are echoing in our industry. The rail industry is approaching a challenging phase for its management of people. An ageing workforce linked with the difficulty in retaining young workers requires rail to address this significant issue especially in this time of resurgence in the industry.

Being aware of the major hazards that an underestimated risk can cause to the industry, the Australasian Railway Association through the Rail Skills and Career Council has undertaken a major study into the attraction and retention of employees in order to better understand the specific matters related to the Australasian rail industry. Information from both Australasian and international sources in rail and other industries has been examined.

The information presented in this report will not only serve as the parameters for a strategic plan to address the major issues as a whole industry, but also constitutes a great research tool for rail companies when developing individual strategies to solve their own human resources challenges.

It is with great pleasure that I present The Changing Face of Rail – A Journey to the employer of choice.

Bob Scheuber
Chairman
Australasian Railway Association
Preface

The Australasian Railway Association (ARA) is a peak body representing the interests of all rail operators, both private and government, track owners and managers, manufacturers of rolling stock and components, and other aspects of the rail industry in Australasia. A primary goal of the ARA is to illustrate and promote the positive impact that railways have on the economy, society and environment of Australia and New Zealand.

In mid 2004, the ARA established the Rail Skills and Careers Council (RSCC) in response to growing industry concerns that workforce and skills shortages would inhibit rail’s ability to meet the long-term forecasted levels of freight haulage and passenger travel. A priority for the RSCC was to undertake a research based project aimed at:

1) understanding the current Australian and New Zealand practices and issues arising in relation to attraction and retention of employees, and
2) identifying ‘better practice’ in other industries in Australasia and globally in relation to attraction and retention.

With the assistance of funding from the Transport and Logistics Centre (TALC), the RSCC commenced this project in the second half of 2005.

Project structure

This project was divided into two components in order to undertake an in depth data gathering process, and to engage with the industry to establish a clear way forward. The two components of the project were:

1) research and industry consultation and
2) an RSCC Executive Workshop.

Research and Industry Consultation

The research and industry consultation phase of the project was an information and data gathering process during which the current state of the Australasian rail industry in relation to attraction and retention was ascertained through various methods of consultation with a range of industry stakeholders.

In addition to industry consultation, ‘better practice’ attraction and retention practices from other rail jurisdictions and from other industries were gathered. The term ‘better practice’ rather than ‘best practice’ is used as the foundation of the practices accord with commonly described best practice activities, however, there is currently limited longitudinal data to indicate their success (due to their recent implementation).

RSCC Executive Workshop

Another component of this project was intended to engage with CEOs and senior management of rail operators and other key stakeholders through participation in a workshop on attraction and retention of employees. During the research and planning for this workshop, it became clear that the articulation of the attraction and retention issue was not yet focused enough to engage senior management from the majority of rail stakeholders. Consequently, the project Steering Committee proposed that a workshop be conducted with the RSCC Executive and a small number of other HR representatives from a range of rail operators. The objectives of the workshop were to develop a shared understanding of the issues underpinning attraction and retention in the industry, and to gain commitment to taking an industry wide approach to addressing the issues.

The RSCC Executive workshop took place in early 2006. The preliminary findings from the research and consultation component of the project were presented and following this participants were taken through a process of considering possible and plausible future directions for the industry, and the consequent changes this may require the industry to make.

The key outcome of this workshop was the agreement among operators of four key areas of focus that the industry would benefit from addressing in a unified manner.

Following further refinement from the RSCC Executive these focus areas were defined as: Attractive Image, Skilling Rail, Workplace Relations and Data Collection.
Executive Summary
This research project has been conducted on behalf of the Australasian Railway Association (ARA) as an initiative of the Rail Skills and Careers Council (RSCC). The purpose of this research is to develop an evidence based determination that there is, or that there is not a crisis facing the Australasian rail industry due to its ability to attract and retain employees. If there is found to be a problem this research also aims to identify a range of possible solutions to address the issues in the short to medium term, based on practices used in other countries and other industries.

The project consisted of research and industry consultation, and a workshop conducted with participants from the RSCC Executive and a number of other rail operators. The workshop took place after the completion of the research and industry consultation.

Key research and industry consultation findings

Geographical differences
Consultation with industry was undertaken across Australia and in New Zealand. There were a number of geographical differences reported between different regions of consultation. On a national basis the most marked difference between the Australian and New Zealand rail industries was the distinct sense of anticipation and enthusiasm for the future of rail in New Zealand, as compared to a generally apprehensive perspective on the future for rail in Australia. In many respects the New Zealand industry reflected a much higher level of collaboration than the Australian industry.

Despite the differences in specific issues facing different geographical regions (both between Australia and New Zealand, and between different Australian states), there was an overwhelming sentiment in all areas that the industry needs to work together. Therefore, whilst different recommendations may be applied differently from region to region, it was recognised that there is a need for a unified effort in attracting and retaining employees in the Australasian rail industry.

Changing face of rail workforce – a crisis looming
Like the rest of the developed world, the Australasian population is ageing. Furthermore, the Australian rail industry has a higher average age than the average workforce age.

Shifts in population, combined with reductions in apprentices and other new hires in previous decades has resulted in a workforce age profile in rail that resembles an inverse bell curve (ie, the bulk of employees are in the later years of their career, a moderate proportion of employees are in the early years of their working lives, and the smallest proportion of employees are in their middle career years).

The risk of the rail industry having significant net outflows of workers over the next 5-10 years is very high. Many of those leaving possess knowledge and skills not easily replicated or purchased in the market.

The traditional rail culture may be a deterrent to new entrants to the industry.

The absence of career progression and visible career paths were reported as key reasons for employees to leave. The workforce profile of rail sees high concentrations of older workers. It is these older workers who are holding the majority of senior positions that effectively creates a block to progression for both aspiring new entrants and for the ambitious middle career employee.

As a significant proportion of the rail workforce reaches retirement age in the near future, it is recognised that a significant amount of organisational and industry knowledge will be lost. Despite this recognition, the industry demonstrates a combination of dependence on a few government operators to train the rest of the industry, and a general reluctance to invest in the development of the workforce for fear of failing to realise their return on investment. The training that is conducted is also largely compliance related, rather than focusing on a broader concept of capability and professional development.

An inability to retain new entrants does not present an acute problem today. However, the combination of the following factors does signal a significant risk of the industry being unable to meet its skilled employee requirements in the future:

- an ageing workforce,
- a lack of focus on bringing in significant numbers of younger workers
- an inability to retain younger workers
- a sustained lack of investment in capability development of the workforce.

Need for cultural change?
What employees find most satisfying about their job and industry provides some significant insight into the prevailing culture. In rail, there are some stark differences between different groups of workers. Research indicated that employees who would recommend rail as a career report the highest levels of satisfaction about their co-workers, and the safety focus of the industry. By contrast, those who would not recommend the industry are the most dissatisfied with work/life balance and leadership. A disproportionate number of these people are likely to be young new entrants and those in their middle career years.

Further insight may be gained by understanding why people choose to stay or leave. Here, research indicated that employees who intend to stay in the industry are most satisfied by the industry’s safety focus and by their co-workers. Conversely, those who are intending to leave the industry indicated dissatisfaction with career progression and with leadership.

The strong culture that is very attractive to the existing workforce, is quite unattractive to the emerging workforce that rail requires for the future. A critical challenge for operators is how they might evolve their culture or whether they need to specifically focus on developing a new environment which is more attractive to the emerging workforce.

The industry’s performance in capability development is failing to develop urgently required skills and presents a deterrent to new employees.

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Executive Summary

There are a number of factors impacting the image of the rail industry which have implications for both attraction and retention. The industry believes a combination of negative perceptions and a complete lack of awareness of the industry as a potential employer are impacting their capability to attract. The effect of media coverage and the extrapolation of consumer experience to anticipated employment experience are seen as key drivers of these perceptions.

Attempts to refresh the image have not been without their problems. Improved attraction rates have been thwarted by difficulties with retention arising from a misalignment between the image and the reality of the experience. In particular, some recruitment campaigns aimed at attracting younger workers portray the industry as dynamic, and the workforce as young and diverse. The experience does not meet the promise and attempts at change and innovation are often met with rejection.

The industry and the general working environment are in a state of transition. The workforce that has dominated the past decades is now nearing departure. The work preferences and expectations of new entrants to the workforce are distinct and conflict, in some aspects, with the preferences of the existing workforce. Both groups of workers are important to the future of the industry – older workers will be required for longer as increased numbers of younger workers are sought. This signals a period of tension as the industry navigates its way through the transition. The indicated low satisfaction with leadership may imply the industry does not manage this well now.

The industry is fast approaching a point where it will need to decide how it intends to manage its workforce and skill requirements for the future. Rail has been a proud and loyal industry, which relied on long tenure of employees to build a strong foundation of specialised industry knowledge, skills and experience. Changes in the economy and industry regulation have seen the industry respond with somewhat more of an economic model that focuses on short-term operational delivery over a model of long-term development.

The industry would benefit from some focused discussion and agreement as to the approach to resourcing the future. For example is the industry going to invest in long term development to meet future skill shortages, or rely on buying these skills as the needs arise, or a combination of both? This decision will be impacted by whether rail could afford to buy the necessary skills in the future. Regardless of the decision, segmentation of the workforce to better target investment is indicated.

Rail is a highly unionised industry. The tenor of the industrial environment will impact on the success of changes in the industry. It is apparent that currently the relationship between employers, employees and their representatives is strained. As the landscape of the industry continues to change, all stakeholders will feel the impacts.

Many of the changes that are likely to be needed to enable the industry to effectively respond to the environment are bigger than any one operator or any one sector of the industry can achieve in isolation. Consequently, a key challenge will be moving beyond the current state of tension. The industry must recognise and begin to address the tension and misconceptions held between employers, employees and employee representatives.

Central to understanding the strategies that will provide the largest benefits for the industry, is a comprehensive understanding of the current and future skill and workforce requirements. This project has demonstrated that the existence of this information at the operator level is patchy at best and does not exist at all at the industry level. The lack of a clear picture of the industry also impacts on the ability to measure the success of any initiatives that are undertaken to address attraction and retention.
Recommendations summary

The following recommendations are structured around the four areas that were identified in the RSCC Executive Workshop as needing to be addressed in a unified industry manner (Attractive Image, Skilling Rail, Workplace Relations and Data Collection). The recommendations have been drawn from suggestions from employers, issues identified throughout consultation and better practice attraction and retention research.

While the recommendations are based on a large body of qualitative and anecdotal information, there is little quantitative data available to ascertain the precise impact of implementing any of these activities. However, despite the lack of reliable quantitative data to demonstrate the effect of different recommendations, it is clear that failing to do anything to address the attraction and retention issues facing the industry will place rail considerably behind its competitors in the labour market.

In addition to the recommendations there are a number of practical activities that underpin the key areas of focus. These are included in an Industry Action Plan that will be managed by the RSCC.

While the recommendations outlined below are industry wide initiatives, to ensure the success of these initiatives it is necessary for individual operators’ practices to complement and support the industry initiatives. An Organisational Risk Assessment tool has been included at Appendix A to assist in determining organisations’ current performance and potential risks in relation to attraction and retention.

Attractive Image

1. Gain agreement on which audiences the industry should target. Consider which groups of the population are best placed to provide an opportunity to expand the labour pool, (ie the industry cannot be everything to all people).
2. Ensure alignment of branding (promise) with the experience (reality). Failure to align what is promised with the experience, may attract new entrants based on false expectations, but demonstrably is unlikely to retain them.
3. Undertake small tailored campaigns rather than a ‘big-bang’ approach. Rail is a large and diverse industry. No one single approach to addressing the image of the industry will be relevant for all groups. In addition, different groups in the community are best targeted with differing messages and differing styles of delivery.

Skilling Rail

4. Establish clear guidance on minimum training requirements. This would ideally be supported by a national training body, and industry training institutions and provide the capacity to make national representation to tertiary institutions around provision of programs that support the needs of the industry.
5. Expand the perception of ‘capability development’. Looking beyond the traditional form of training can open many more opportunities to improve capability development in the industry.
6. Consider other models of capability development. The traditional model of learning in the rail industry has been that the majority of industry specific skills are acquired once employment has begun. Development of skills and knowledge then occurs to make further progression in the employee’s chosen field. This traditional linear view of learning is unlikely to meet the expectations of younger workers joining the industry. There are other models of capability development that could be explored.
7. Commence workforce planning in a co-ordinated way that establishes the current and future needs of operators. A shared and agreed industry understanding of particular current and future skill deficiencies will help to target the industry’s capability development in the most effective ways.

Workplace Relations

8. Establish mechanisms that allow the industry stakeholders to come together to begin to discuss and debate issues which are larger than any one operator can address individually.

Data Collection

9. ARA to act as a ‘Research Clearing House’. This will provide a repository for industry data to facilitate short and medium term workforce planning.
Recommendations
Context
Four focus areas were identified by the RSCC Executive Workshop held in early 2006 as being the most pressing areas for the industry to address in a unified manner. These focus areas were: Industry Image, Training, Industrial Relations and Shared Data. Following this workshop these areas of focus were further refined by the RSCC and have been endorsed by the ARA Executive. The agreed areas of focus are: Attractive Image, Skilling Rail, Workplace Relations and Data Collection.

The recommendations and activities identified under each area of focus are drawn from suggestions from Workshop participants, issues identified throughout the research and consultation, and better practice attraction and retention initiatives. It should be noted that while the recommendations incorporate better practice attraction and retention activities from other countries and industries, there is no reliable quantitative data available to demonstrate the precise impact of implementing such initiatives. What is clear, however, is that failing to act to address the attraction and retention issues facing the industry will place the industry considerably behind its competitors in the labour market.

Initiatives
The rail industry workforce is becoming increasingly diverse, and the traditional industry norms and expectations will be challenged. The industry needs to begin to consider its employees as it does its customers. Just as rail segments the customer market, so should it begin to segment its employees, and provide different approaches for different employee and potential employee groups.

This approach is not without difficulties. An industry trying to be ‘all things to all people’ is likely to end up not addressing any segment’s needs. Understanding the needs of each segment and beginning to develop programmes using the 80/20 principle (i.e. using minimum inputs to achieve the greatest outputs) is more likely to provide a successful strategy. Combined with this approach, the industry, and individual operators, need to come to a conclusion about whether a strategy targeted around specific groups and occupations is appropriate or a more broad brush approach is likely to be of greatest effect.

To ensure the success of industry wide initiatives it is necessary for individual operators to make changes that complement and support industry initiatives. Rather than thinking of these initiatives being ‘industry initiatives’ it may be more appropriate to consider them to be a collective operator approach.

An Organisational Risk Assessment is included in Appendix A to assist organisations in assessing their own performance in attraction and retention, and to highlight their areas of risk.

Industry action plan
An Industry Action Plan has been developed and will be managed by the RSCC. The Industry Action Plan is based on the focus areas and the recommendations made below. In addition to the recommendations, the Industry Action Plan provides further detail about the activities that will need to be undertaken, and the proposed outcomes that will be achieved.

Attractive image
Summary of issues
The key themes on Attractive Image that emerged from research are:

- Current employees in the industry believe the general public perspective of the rail industry is negative. The perceived poor image by the general public has significant impacts on industry employees in terms of absenteeism, morale and turnover.
- The general public are believed to develop their perception of the industry through negative media and personal consumer experience of trains (mostly passenger). There are few avenues available for the industry to provide positive messages to the community.
- In addition to a generally negative perception of the industry, it is recognised that overall the general public has a very low level of understanding of the industry or the career opportunities that are available. There are few links between the industry and potential employees (including students) to provide realistic and reliable information on the opportunities the industry can offer.
- There is a difference between how the industry is perceived from outside the industry and the reality of working in the industry. Employees within the industry have a balance of positive and negative sentiment towards the rail industry.
- There is a strong sense that the industry is growing and offers challenging work that provides real value to the community.
- The stereotypical image of the rail industry as being slow and resistant to change is unlikely to change without a key focus on innovation which is difficult to achieve without an element of rejuvenation in either the workforce, or the technology, rail products and services.
- The employee survey points to a significant issue that people in the 18-25 year group and those in their middle career years are least likely to recommend the industry as an employment option for family and friends. Internal and external targeting of perceptions amongst these groups is most likely to deliver returns.

Directions for change
There are some fundamental principles which will impact the success of any initiatives aimed at addressing the rail industry image. These are:

- The change to industry image must be undertaken from a sustainable, long term perspective. It will require ongoing attention and activity and should not be considered to be an ‘advertising campaign’.
- For any efforts in changing the image to have long term sustainable effects on attraction and retention, the industry and its members must actively work together to ensure the promise created by the activity matches the experience delivered. A focus on the establishment of support mechanisms to nurture new entrants into the industry is recommended. For example, in the case of...
Recommendations

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young workers, this may include creating opportunities for networking and communications with other young people in rail, such as:

- youth forums
- web-based discussion boards
- youth liaison officers
- business units which act as ‘incubators’ for new entrants

It is evident that an opportunity is available for the industry to work together to address the perception the public have of it. This includes addressing both the negative stereotypes, and the general lack of information available for the public to develop informed perceptions of the industry.

Recommendation 1

Gain agreement on which audiences the industry should target. Consider which groups of the population are best placed to provide an opportunity to expand the labour pool, (ie the industry cannot be everything to all people). This could include:

- younger workers
- female workers
- Indigenous workers
- workers who were previously in the rail industry
- workers from other industries with transferable skills, knowledge or experience.

Recommendation 2

Ensure alignment of branding (promise) with the experience (reality). Failure to align what is promised in respect of the nature of employment, with the experience, may attract new entrants based on false expectations, but is unlikely to retain them. Furthermore, studies have shown that the use of realism in attracting employees can actually enhance organisational attractiveness.

Recommendation 3

Undertake small tailored campaigns rather than a ‘big-bang’ approach. Rail is a large and diverse industry. No one single approach to addressing the image of the industry will be relevant for all groups. In addition, different groups in the community are best targeted with differing messages and differing styles of delivery. It is recommended that the key foci of campaigns:

Challenge the traditional perceptions of the industry

- Acknowledge the negative perception and then show the positive flip side ie dirty industry vs opportunity to work outdoors, 150 year old industry vs world class technologies.
- Increase publicity of rail achievements and the benefit it provides to the community, environment and economy.

- Highlight that rail is in a state of renewal, which is being demonstrated by the use of new technology, investments made in upgrading and expanding infrastructure and the introduction of new rolling stock.
- Increase the level of accurate knowledge of the rail industry and the career opportunities available:
- Focus on developing links between industry and educational institutions (at all levels) – Queensland could provide some insight into their success in this area.
- Use ‘real’ people from industry to talk about their experience in the industry. For example at career fairs bring young graduates and apprentices to talk about their experience of the industry.
- Develop opportunities to give people first hand experience of the industry such as industry open days, work experience, school field trips and vacation work.
- Position rail as part of the broader transport and logistics sector, which further expands the career opportunities available.
- Leverage off the fascination with trains
- Sponsor a competition or event in schools to generate interest in the industry and the types of skills required from an early age. Include links with industry to allow experiential learning. From an engineering perspective this may be done in conjunction with the Re-Engineering Australia Forum (REAE).

Attractive Image – support from operators

Whilst the industry as a whole is able to build a brand image that repositions the industry image, it has few mechanisms available that enable delivery on the promise. The challenge in this area really rests with the individual operators. Key activities that can be pursued by individual or collections of operators are:

- Establish close links with the local community through:
  - sponsorship of sports teams
  - open days
  - adopting schools
  - publicise and celebrate achievements of the organisation and employees
- Build support mechanisms in organisations to nurture new entrants to the industry
- Provide opportunities for students at different levels to experience organisations first hand:
  - field trips – primary and high school
  - work experience – high school and college
  - vacation work – TAFE and university
  - open days – students and parents.

Skilling rail

Summary of the issues

The key themes on Skilling Rail that emerged from research are:

- There is no shared understanding of, or agreement about minimum training requirements. Training across Australia is varied in terms of types of training offered, the length of time required to undertake training, and the recognition of training received in other states. In February 2006 the Council of Australian Governments (COAG) agreed a National Reform Agenda which, among other things, included harmonisation of rail regulations, including safety regulations. This may impact on the establishment of minimum training requirements.
- The discussion about capability development indicated that its use was synonymous with ‘training’. There is little recognition of other forms of capability development available. Training provided is largely driven by regulations and does not uniformly canvass the personal and professional development needs of the employee.
- Individual operators and the industry as a whole, indicated only emerging activity to capture their existing workforce requirements and a data based approach to targeting the training spend around planned future needs.
- Currently there is misalignment between new entrants’ expectations of the industry and their experience in relation to training. This misalignment will become more pronounced as the next generation of workers (for whom training and skill development are paramount in maintaining their interest in a role), enter the industry.
- For a number of years there has been reluctance among rail operators to invest in training, for fear the qualified employee will be poached before a return on the training investment is realised. The predominant strategy of operators is to ‘buy’ the skills required, rather than grow them. Operators recognise that this is not a sustainable approach.
- The future directions for the industry, which were explored through the scenario development exercise, all indicated changing needs in relation to skills and capabilities. It was agreed that taking a co-ordinated approach to traditional and changing skill requirements was the most effective approach.

Directions for change

Recommendation 4

Establish clear guidance on minimum training requirements. This would ideally be supported by a national training body, and industry training institutions and provide the capacity to make national representation to tertiary institutions around provision of programmes that support the needs of the industry.

The outcomes of the COAG National Reform Agenda in relation to harmonisation of rail regulations should be examined for their capacity to address this recommendation.

Recommendation 5

Expand the perception of ‘capability development’. Looking beyond the traditional form of training course can open many more opportunities to improve capability development in the industry:

- mentoring
- job shadowing
- rotational programmes
- secondments.

Recommendation 6

Consider other models of capability development. The traditional model of learning in the rail industry has been that the majority of industry specific skills are acquired once employment has begun. Development of skills and knowledge then occurs to make further progression in the employee’s chosen field.

The traditional linear view of learning is unlikely to meet the expectations of younger workers joining the industry. There are other models of capability development that could be explored.

- The Canadian model of pre-employment training, prepares individuals with the skills they require to begin working in the rail industry. This training is funded by individuals.
- Further development and accelerated expansion of initiatives that are currently under proposal from the ARA such as ‘Schools to Skills’ and the ‘Rail Industry Graduate Programme’.
- Multi-skilling of employees is efficient for the industry, and is attractive to younger employees as they have a strong desire to develop additional skills.
- Technology can be used to deliver cost effective training which can be undertaken in almost any location. This form of learning can be useful when used in conjunction with other forms of capability development.
- Expand the concept of capability development beyond rail, and consider incorporating development of transport and logistics capabilities through rotational programmes with other organisations. This could be used:
  - at graduate level as an attractor to the industry
  - as a fast track to develop broad knowledge and managerial skills.
- Re-skill employees from one area, to another area of skill shortage. Use the Signal Engineers project of National Learning Pathways in Railways1 (which addresses the transition of signal electrician to signal engineer) as a pilot programme for application to other occupations.
- Provide opportunities and funding for further study, and enter into a ‘bonding’ contract with employees undertaking these learning opportunities. This practice is used in many organisations for professionals undertaking post graduate study.

Recommendation 7
Commence workforce planning in a co-ordinated way that establishes the current and future needs of operators. A shared and agreed industry understanding of particular current and future skill deficiencies will help to target the industry’s capability development in the most effective ways.

Skilling Rail – support from operators
- Be prepared to invest in capability development of the workforce.
- Contribute to industry wide programmes such as the establishment of minimum training requirements.
- Participate in shared visioning to identify industry capabilities and roles required, but not yet existing in rail. For example, new technical capabilities. Some capabilities will be the source of competitive advantage so may not suit whole of industry approaches, e.g. customer service.
- Review organisation’s existing training and development programme. Consider the following aspects:
  - Does the training and development programme have development opportunities beyond traditional training programmes?
  - Does training and development focus on regulatory requirements?
  - What development opportunities are available for new entrants to the industry?

Workplace relations
Summary of issues
The key themes on Workplace Relations that emerged from research are:
- Rail is a highly unionised industry.
- Currently operators engage with their workforces in different ways:
  - directly with employees
  - via employee representatives
  - combination of both.
- Whilst the experience at the individual operator level is mixed, a strained relationship between employers, employees and employees’ representatives is evident.

Data collection
Summary of issues
The key themes on industry data that emerged from research are:
- There are some issues impacting workforce practices, which are larger than any one part of the industry can address in isolation. For example, the Signal Engineers project of National Learning Pathways in Railways represents an industry change that is larger than any one operator could have achieved. Attraction and retention is an industry wide problem and other opportunities to look for industry solutions should be sought.
- The Workplace Relations Amendment (WorkChoices) Bill 2005 will have significant ramifications on the industrial relations environment. Exactly how these changes will impact the rail industry have not fully emerged at this stage.
- All future scenarios for the industry incorporate a high degree of change, both to organisations and employees through changing skills bases, working arrangements and industry image. A coherent and consistent approach to workplace relations from all the stakeholders will be required to achieve the necessary changes in the future.
- Failing to address the current industrial environment will impact the success of any other changes that are made.

Directions for change
Recommendation 8
Establish mechanisms that allow the industry stakeholders to come together to begin to discuss and debate issues which are larger than any one operator can address individually.
Directions for change

**Recommendation 9**

**ARA to act as a ‘Research Clearing House’**. This will provide a repository for industry data to facilitate short and medium term workforce planning. The types of data to be collected may include:

- Non-commercially sensitive demographic data such as occupations, age, tenure, gender and location dimensions.
- Attraction and retention data such as number of vacancies, areas of critical shortage, new entrants to the industry and turnover rates.
- Industry climate or employee attitude survey data. (The rail survey used in this research project may contribute to collection of this type of information).

Using shared data, the industry must work to quickly establish an industry baseline (i.e. a clear picture of the industry composition, and performance in relation to attraction and retention), against which the success of different initiatives may be assessed.

It is also anticipated that the data collected will lead to the development of a predictive capability for the industry’s future workforce needs, through the use of techniques such as trend analysis.

**Data Collection – support from operators**

- Industry level data requires operators to commit to collect and share non-competitive and non-commercially sensitive information on their workforce on an ongoing basis.
Research introduction

This research project has been conducted using funding provided by the Transport and Logistics Centre (TALC) on behalf of the Australasian Railway Association as an initiative of the Rail Skills and Careers Council (RSCC). The purpose of this research is to develop an evidence based determination that there is, or that there is not a crisis facing the Australasian rail industry due to its ability to attract and retain employees. This study provides a platform from which further industry wide, and organisational initiatives can be launched to assist the industry meet its labour requirements in order to achieve the prosperous future that is projected.

Objectives of project

Specifically the project addresses the following key objectives:

- testing the perception that there is a present and future problem in attracting, and retaining people for careers in the industry
- mapping the underlying issues that are creating the problem (if the perception is found to be true)
- identifying a range of possible ways to address the issues in the short to medium term by exercising better practice as identified in rail and other industries in Australia and overseas
- develop a detailed action plan that could be implemented by the industry to remedy the problems

Approach

The key intentions of this project were to produce valuable industry research and to undertake it in close consultation with the industry stakeholders. This approach was intended to create dialogue about the issues within the industry and to build shared acceptance of the outcomes.

To ensure that a holistic and accurate picture of the industry was gained, a number of sources of information were used. These included both qualitative and quantitative information such as, interviews, focus groups, questionnaires, literature review of previous research and statistics.

As the issue of a shortage of skilled labour is not peculiar to either the Australasian region, or to the rail industry, a significant body of work on this issue already exists. This information has been referred to, in the development of potential initiatives that may be applicable to the Australasian rail industry.

Limitations of research

As identified above, industry consultation was a key component in this project. A large cross section of rail operators (including passenger, freight, construction and maintenance of rail infrastructure, a combination of public and private organisations, and a regional spread across Australia and New Zealand) and other stakeholders from the industry were invited to participate in a range of information gathering exercises. In addition, other industry stakeholders expressed an interest in participating in the project and were included in the information gathering exercises. A total of 32 rail stakeholders participated in various data gathering components (See Appendix E for a listing of stakeholders who provided input into the research).

Due to the heavy reliance placed on information gathered from industry players (including employers, key stakeholders and employees), limitations arising from the varying degrees of response must be understood.

1. One area from which valuable data was being sought was employees in the industry through a survey tool. A limited response was received to this survey, which is not considered to provide a statistically valid sample of the whole industry. However, the data collected does provide reasonable representation of New South Wales and Victorian regional and national services. Furthermore the data from this survey is consistent with findings from Australian and New Zealand focus groups and interviews, and therefore has been used in an observational capacity to add more depth to other forms of data collected throughout the project.

2. Quantitative information was sought from selected rail operators relating to their organisation’s recruitment, retention and turnover performance. The returns were spread across private and public sector operators, large and small, regional and metro. The level of detail of data returned does not enable a statistically valid breakdown of attraction and retention information for specific occupational groups. The data does, however, provide a sound foundation to review attraction and retention data from an ‘all occupational groups’ perspective.

Definition of the rail industry

For the purposes of this report, the rail industry contains organisations operating in the areas of:

- transportation of freight
- transportation of passengers
- management of rail infrastructure
- rail signals and communications
- maintaining and repairing rolling stock
- construction or maintenance of rail infrastructure.

These organisations are referred to as ‘operators’ in the context of this report.
General workforce profile
The changing population profile of the Australasian region has been understood for several decades. The most notable change in our demography is the trend towards an ageing population. To varying degrees, the ageing population is a global trend. In comparison to a number of other developed countries, Australia’s ageing population is less pronounced; with projections that the elderly population will comprise a smaller percentage of the population in Australia than many other developed countries. As would be expected, the changing population of the region also has a significant impact on the workforce profile. However, of note is that the Australian full-time workforce is ageing at a faster rate than the general population.

Fig.1 – Number of elderly† as a percent of the population

<table>
<thead>
<tr>
<th>Country</th>
<th>2000</th>
<th>2040</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
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<td></td>
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<tr>
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<td>Japan</td>
<td></td>
<td></td>
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<tr>
<td>Italy</td>
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</tbody>
</table>

† Elderly are defined as those aged 60 years and over

The population is getting older but at a slower rate than other developed countries.

The Australian full-time workforce is ageing more rapidly than the general work aged population.

As would be expected, the changing population of the region also has a significant impact on the workforce profile. However, of note is that the Australian full-time workforce is ageing at a faster rate than the general population.

1. the rise in education participation, and the consequent decrease in young people joining the workforce, and
2. the increasing number of older females participating in the workforce. In Australia for the past 20 years, and with a projected continuing trend for the next decade, women’s participation in the workforce is expected to rise for every age group, with the exception of 15-19 years and those over 65 years. The past two decades in New Zealand also show participation rates of women aged between 25-54 years in the labour force has risen.

In contrast to the rising participation rate of females in the workforce, the participation rate of the male workforce in Australia is anticipated to decline in all age groups, except those over 60 years.

Whilst the participation of older women in the workforce contributes to the ageing of the workforce, as a potential source of future labour they merit further investigation. In Australia for the past 50 years, and with a projected continuing trend for the next decade, women’s participation in the workforce is expected to rise for every age group, with the exception of 15-19 years, and those over 65 years. The past two decades in New Zealand also show participation rates of women aged between 25-54 years in the labour force has risen.

There are two major causes of this phenomenon.

Fig.2 – Average age of full-time workers and the general population (aged 15-64 years)


Whether or not there is a shortage of skilled labour, is not a question that is specific to the rail industry. To understand the breadth and depth of the question requires investigation of the context in which the Australasian rail industry operates, and gain an understanding of the current and projected workforce profiles of the region.

Over the next decade female participation in the workforce is expected to rise for every age group except 15-19 years and over 65 years.

In the next decade male workforce participation is anticipated to decline in all age groups except those over 60 years.

5 Department of Parliamentary Services 2005, Australia’s aging workforce, Research Note No. 35, 7 March 2005.
6 Ibid
The change in the working arrangements under which workers are employed poses interesting challenges for both employers and employee representative groups. The manner in which employers need to engage with their workforces will be required to change and likewise, unions will need to change the way they seek to attract and retain membership.

In addition to changes in the composition of the labour force, over the past couple of decades there has also been a change in the arrangements under which workers are employed. In the late 1970’s, union members accounted for just under half the labour force. Over the three decades since then, there has been a gradual decline in union membership.\(^1\)

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Employment trends in the Australasian rail industry
The high average age of employees in the industry indicates an impending loss of a large number of people as they reach the average retirement age. This is exacerbated by a limited ability to attract and retain younger people.

The Australasian rail industry is in a period of mass expansion. Industry revenue has steadily increased since 1999, and does not show signs of slowing in the near future. It is recognised as a mature industry that is experiencing a new growth cycle due to recent changes in industry characteristics and the way in which it conducts business. Industry growth will need to be matched by the capacity to deliver. This is likely to require an increase in skilled labour employed within the industry. It is a simple equation – if organisations expect to increase productivity, they need a combination of strategies that both simplify their business operations and increase the capacity of their workforce. In both circumstances, the engagement of a skilled workforce are prerequisites to being able to support growth.

In contrast, many rail organisations are about to lose a large proportion of their skilled labour and have done insufficient work to ensure that the skills will be replaced. This begs the question – who’s going to run the trains?

Key trends in employment within the industry are summarised as follows:

> The ageing workforce

As shown in the previous section, Australia’s population is ageing. Within this context, ageing in the rail industry is felt more acutely than in the general workforce. The average age of all Australian workers at the end of 2004 was 38.6 years, while the average age of workers in the Transport and Storage industry (of which the rail industry is part) was 41.3 years. Data collected from rail operators, highlights that current recruitment practices and turnover patterns further compound the effects of an ageing workforce.

Data for the external recruitment rates indicates that of all positions filled, approximately only 10% are filled by new recruits to an organisation. In addition, turnover statistics indicate that turnover is concentrated on employees in their first three years of service with an employer. Therefore, a significant proportion of the new entrants to an organisation are quickly being lost. This is likely to be the source of concern for innovation within the industry as well as for its capacity to support operations into the future.

Whilst there was limited reliable quantitative data available about the demographic picture of the rail workforce, focus group and interview respondents likened the age profile of the rail industry to an inverse bell curve. The bulk of employees fall in the over 40 years age range, a moderate proportion falling between these two categories. This creates a looming, significant problem for the industry. Corporate knowledge and industry experience are projected to suffer great loss as a large group of long term employees reach retirement over compressed time frames with no available pool of skilled and experienced employees to replace them. The effects will be felt most keenly in some of the core rail occupations.

> Impact from outsourcing of skills

In a market of constrained supply of skilled labour, outsourcing tends to attract staff away from the operator. The average age of train drivers, as a group, is expected to rapidly increase in the near future. The average age of signal engineers is reportedly 55 years of age. In addition, signal engineers are ageing and in significant shortage on a global basis. These roles are not easily replaced. The training needed to become a skilled signal engineer is lengthy and heavily reliant on available mentors and teachers. As the shortage of this profession is impacting world-wide, Australia’s position is even more problematic. It is evident that rail and other industries from across the globe are poaching Australian and New Zealand resources to help rectify their own skills deficit.

> Core rail occupations are heavily impacted by ageing and are the source of offshore ‘poaching’.

Impact from outsourcing of skills

In the recession of the 1990’s as operators downsized or outsourced aspects of their problem, may exacerbate it.

Core rail occupations heavily impacted by ageing and are the source of offshore ‘poaching’.

In a market of constrained supply of skilled labour, outsourcing tends to attract staff away from the operator.

Core rail occupations are heavily impacted by ageing and are the source of offshore ‘poaching’.

In a market of constrained supply of skilled labour, outsourcing tends to attract staff away from the operator.

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**Fig. 5 – Age Profile of the Rail Industry**

*The average age of train drivers, as a group, is expected to rapidly increase in the near future. The average age of signal engineers is reportedly 55 years of age.*

*In addition, signal engineers are ageing and in significant shortage on a global basis. These roles are not easily replaced. The training needed to become a skilled signal engineer is lengthy and heavily reliant on available mentors and teachers. As the shortage of this profession is impacting world-wide, Australia’s position is even more problematic. It is evident that rail and other industries from across the globe are poaching Australian and New Zealand resources to help rectify their own skills deficit.*

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**Key points**

- The high average age of employees in the industry indicates an impending loss of a large number of people as they reach the average retirement age.
- Industry revenue has steadily increased since 1999, and does not show signs of slowing in the near future.
- The average age of all Australian workers at the end of 2004 was 38.6 years.
- centres on employees in their first three years of service with an employer.
- Corporate knowledge and industry experience are projected to suffer great loss as a large group of long term employees reach retirement.
- Outsource of skills impacts world-wide, Australia’s position is even more problematic.
- Training needed to become a skilled signal engineer is lengthy and heavily reliant on available mentors and teachers.
- The shortage of this profession impacts world-wide.
- Rail and other industries from across the globe are poaching Australian and New Zealand resources to help rectify their own skills deficit.

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**Sources**

- DEWR Job Outlook.
- Department of Employment and Workplace Relations 2004, *DEWR Job Outlook*.
- Australasian Railway Association.
Issues impacting attraction and retention of employees in the Australasian rail industry

> Franchising contracts

Another major trend affecting the employment within the rail industry is the limited term franchising of rail contracts. It was reported that the limited term nature of the franchising contract has inhibited organisations from being able to take a long-term perspective in relation to investments. This has especially affected the desire to invest in training for roles that have a long return on investment cycle. With limited term contracts, organisations are hesitant to invest time and money into extensive training of employees only to lose the contract at the end of the term and no longer require the highly skilled workforce they have invested in.

> Union membership

While there has been a gradual decline in union membership in the Australian workforce over the past 30 years, anecdotal evidence suggests unionisation in the rail industry is still high, and may not be in decline.
Attraction and retention is more focused around the ‘quality’ of candidates in the New Zealand rail industry. New Zealand organisations seem to have difficulty in attracting optimal employees as opposed to attracting any employees. The retention rate of employees is reported as more driven by the net outward flow of employees from New Zealand to Australia rather than a desire to leave the industry. Australian evidence also suggests this is an issue for some operators but is a second order issue to the capacity to attract per se.

Organisations report varying difficulties with attraction and retention for differing occupational groupings. For example, whilst on the whole it appears that the industry is not having difficulty in either attracting or retaining train drivers. A number of operators do report concern that they bear the brunt of the cost of training drivers whilst other employers enjoy the result, as drivers are attracted to work elsewhere for more money upon obtaining qualification. Finding employees that have a childhood dream of driving trains has not proved to be difficult for most rail organisations. Additionally, train drivers are reported to have limited transferability of specialist skills to other industries, resulting in higher retention rates within the industry than many positions.

Attracting and retaining professionals in the Australasian rail industry proves to be more problematic. Engineers, and more specifically signal engineers, are in a significant short supply across the region. Those engineers that are available are sought by a number of industries and enables significant choice for the individual in both the work and the organisation they may choose to work for. Reports from focus groups indicate that rail does not necessarily present as an attractive option for these employees. Similarly, attempts to retain these employees have created ‘bidding wars’ on wages, with the large private companies (both in and out of the rail industry and in and out of the country) most likely to succeed in poaching efforts.

From the quantitative data available, the trends suggest that while there are some areas of difficulty in relation to attraction and retention, the industry as a whole is not yet in crisis.

The combination of quantitative information, with the anecdotal evidence, the anticipated future productivity of the industry and the forecast population ageing, it is clear that the industry will reach crisis point in relation to attraction and retention if actions are not taken immediately.

**Which occupations have shortages?**

A number of rail operators throughout the Australasian region were asked to identify the occupational areas that were currently having the most difficulty in filling, and those occupational areas they expected to have most difficulty filling in 2010. There were two occupational areas that were most frequently reported as currently causing most difficulty in filling:

1. Engineers are undoubtedly the occupational group that are currently most difficult to attract in rail workforces.

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This shortage is accentuated in the signal engineering population. The Transport and Logistics Centre (TALC) has recognised this shortage and investigated the learning pathway linking rail training and education with industry21. This approach is looking to enable existing, trained staff to more quickly transition their qualifications into the signal engineering area. Standardised and readily available training has not been available for some time and retaining engineers has been difficult for most rail organisations – even more so for those in the Queensland and Western Australian regions.

Compounding these difficulties are competing industries, specifically mining, poaching engineers away from rail with the promise of greater remuneration.

Focus group reports indicate the industry is not optimistic about whether these shortages will be rectified in the next five years. Both engineers and skilled trades remain two of the three groups that will be most difficult to attract in 2010.

Interestingly, management and supervisors join the occupational areas that will be most difficult to attract in 2010. Many respondents indicated that project management skills (as a subset of management and supervisors) will be needed in the future. The focus on project management skills is believed to be due to an anticipated growth in project investment and therefore, a need for greater reliance on project management skills to manage those projects.

There are a couple of different drivers behind the anticipated difficulty in attracting managers and supervisors in the future. The expected changes and diversity of the future workforce (such as age and gender) will require advanced management and supervisory skills. As more diverse groups are targeted for entry to traditionally ageing male dominated workforces, managers will require enhanced people skills to maximise the contributions of a diverse range of people.

Another significant driver of an impending shortage of skilled managers lies in the current age profile of most organisations within the industry. The inverse bell curve in the age profile (as reported earlier), illustrates that the bulk of employees are either in the early stages of their working life or in the later stages of their working life. This pattern demonstrates low numbers of employees in the middle years of their working lives, and correspondingly the times when valuable managerial and supervisory skills would be developed.

The lack of employees in their middle career years across Australia is largely explained by birth rates that started declining in the 1960’s and have been reducing ever since21. More particularly for the rail industry, which has a more pronounced issue, focus group reflections posit the impact of privatisation and downsizing of many operators during the 1990’s.

During this time fewer young employees entered the industry and many left the industry or moved to contract or consultancy arrangements. It is these employees that are currently in their middle career years.

As the industry profile shows many of the current managers and supervisors in rail are nearing retirement age, and the industry reports no pool of developed people able to take their place. This was a significant concern from most organisations, as the substantial exit of this retiree-group will undoubtedly leave many rail operators with too few management skills for effective operation.

Whilst there are overall difficulties with recruitment and retention reported, the locus of concern surrounds, proportionally, relatively few but core roles. As identified above, these in management, professional and skilled trades – typically core expertise for rail but skills for which there is stiff competition.

Geographical variations

Focus groups and interviews reflected that the Australasian industry has different characteristics, and faces different challenges in relation to attraction and retention in each state of Australia and these were also distinguished from the rail industry in New Zealand.

> New South Wales

Rail operators in New South Wales (NSW) report feeling constantly embattled with poor and sensationalist media stories. They point to negative rail stories as a daily feature in all forms of media, especially newspapers. There is a strong belief that such a profile inevitably impacts the environment in which rail organisations must try and attract people. Respondents felt that the general public has a misconstrued vision of rail and the careers that the industry has to offer. As a result, attracting desirable employees to the industry has become problematic.

Respondents reported that once recruited, employees tended to enjoy the challenging environment in which the NSW industry operates. Issues with retaining employees are not as prevalent or pressing as attraction issues in the State; however, the impending loss of employees retiring will be felt strongly.

> Queensland

The industry in Queensland presents a dichotomous profile. In many ways, the workforce is closer than any State to ‘traditional rail’: loyal, hierarchical and older-male dominated. In contrast, they are an acknowledged market leader in research, training and innovation. It is the contrast that creates Queensland’s focus of concern.

Respondents have forged strong connections with educational institutions and are receiving an overwhelming response when trying to attract new graduates. Their marketing and branding campaigns are upbeat, modern and present an innovative and diverse profile of the workforce.

Once inside the industry, graduates are faced with the dichotomous reality mentioned above – the workforce profile does not match what it purports to be. Turnover of employees under 25 years of age is five times higher than employees aged over 45 years of age, the turnover figure further increases when considering females under 25 years of age.

Overly high retention of older employees in comparison to other age demographics, has become a double-edged sword. On the one hand, these employees are both valuable and essential to the effective and efficient operation of the industry. On the other, they effect, particularly in hierarchical workplaces, a block to younger employees’ career progression. The industry loses out in two ways – the refresh of ideas it is seeking to drive innovation is diminished and new talent moves either employer or industry in order not to stagnate.

> Victoria

Victoria reported variations in recruitment and retention between operators. A high churn of employees in Victoria led many respondents to the view that the industry is continually recycling the same staff. Industry fragmentation is very visible in this State, however, organisations are eager to work together to initiate change.

Several factors have influenced the ability of the Victorian rail industry to attract and retain desirable employees.

1. The franchising contract time-frames causes hesitation among operators to invest in long-term training, as the stability of their franchise agreement is short-term. They report difficulties attracting new staff and retaining existing employees who value being offered development opportunities.

2. Regulation and out-dated infrastructure and technology was also seen by many in Victoria as a detractor to aspiring young professionals.

> South Australia

South Australia (SA) reports issues in both attracting and retaining staff. Specifically highlighted is a significant shortage of people available for mentoring roles to train new graduates. This presents obvious difficulties for the recruitment of new graduates into the industry. Industry players identified they are so under-resourced that leaders are forced to focus all their attention on operations, leaving negligible time to devote to developing new skills in employees. Consequently, retention of young employees is poor and diminishes the view of rail as a career for potential hires.

SA also loses many employees to other states where employees believe more opportunity may exist. Many respondents felt that they were not able to offer enough incentive for employees to remain in the State.

> Western Australia

The Western Australian (WA) rail industry was reported as being in a period of growth and expansion - respondents are positive about the future. Recent changes in rail players and organisation names in the market have left the general public slightly confused over who is in the industry.

A reportedly poor approach to branding the changes has created difficulties in trying to attract people into a specific organisation. Most people are reported to join the rail industry in WA because ‘it’s just a job’ as opposed to identification with any organisation or with the industry.

WA rail largely competes with mining for employees and mining provides financial attractors that rail is unable to compete with. The experience of rail is however that employees attracted into mining for remuneration often return to rail after a period of high remuneration. Most WA rail operators recognise this pattern (particularly among younger employees) and are keen to keep ties with people who leave for this reason.

The need for remote location work is an additional deterrent when attempting to attract employees into the rail industry in WA. Rotational systems and incentives are used to encourage employees to endure the time away from home.

> New Zealand

New Zealand’s rail industry is in a period of expansion and renewal. The industry is slowly receiving support and praise from the media and public. Successful programmes in rail safety are being run in Primary Schools and the industry is running community awareness campaigns to ensure that responsibility for rail safety is being shared with the public. All participating organisations were excited about future prospects and were keen to devise industry-wide initiatives that would benefit all.

The main issue in New Zealand was not the ability to attract employees; it was an issue of attracting the right employees. Due to sustained growth within the industry, organisations desperately need resources and therefore will hire those that may not necessarily be ‘optimal’. The improvement in image has meant some desirable employees are being attracted and recruited.

Retaining employees in New Zealand is slightly more problematic. The industry is losing many skilled employees to Australia, with only an estimated 60% returning to New Zealand in the future.

Why are employees joining the industry?

Note: The next sections will explore why people join, stay and leave the industry.

To support these sections reference will be made to a staff survey conducted as part of this study to provide further specific insights. This study had good representation of NSW and Victoria with particular emphasis on regional and national operators. Observations from this material are used to provide further elucidation to the other material gathered.

The majority of reasons that people reported joining the industry broadly come from two opposite ends of the spectrum and were reasonably evenly spread between the two.

There is clear evidence that many employees joined the industry for a genuine love of the industry, and belief in its value to the community. The most popular responses of this type included joining the industry due to:

> love of trains
> childhood dream to drive trains
Whilst employees might be attracted by either the industry or the job, in Figure 6 it can be seen that employees who would actually recommend the industry are most frequently satisfied by the safety of the industry and their co-workers. Conversely, those who would not recommend the industry are the most frequently dissatisfied by work/life balance and the leadership.

Fig. 7 – Tendency to recommend a career in the Rail Industry
Variance from average (75%) by age group

Fig. 8 – Tendency to recommend a career in the Rail Industry
Variance from average (75%) by Location

From Figures 7 and 8 the profile of those most likely to recommend the industry largely reflects the demographic profile of the survey respondents except:

1. Those aged between 46-55 and 55+ would disproportionately recommend the industry whilst disproportionately fewer respondents aged between 36-45 and 18-25 would.

2. Those from metropolitan areas and those from remote locations are both disproportionately likely to recommend the industry whereas regional towns show the reverse.

Further when consideration is given to the elements of the industry and their various satisfaction levels, those elements that are of most importance to focus on can be identified.

Key foci for attention are:
- 18-25 and 36-45 year old employees
- Regional towns

Issues impacting attraction and retention of employees in the Australasian rail industry

People who would recommend the industry are satisfied by industry safety and their co-workers whilst those who wouldn’t recommend are dissatisfied with work/life balance and the leadership.

> family history with the industry
> providing a community service
> challenging industry
> growth industry leading to opportunities.

Conversely, there was also a clear trend towards employees joining the industry for reasons which related more to the characteristics of the job, rather than a specific choice of industry. These reasons for joining the industry include:
> ‘it’s a job’
> locations available
> regional opportunities
> good remuneration
> job security
> flexibility (of some roles).

The spread of these views is not particularly helpful in determining how best to position actions within the industry. Consequently, understanding the key elements of satisfaction to those who would recommend the industry (75% of survey respondents) provides interesting insights.

Fig. 6 – Satisfaction/dissatisfaction with job conditions for employees who would, or would not recommend the industry

Key foci for attention are:
- 18-25 and 36-45 year old employees
- Regional towns
Why are employees leaving the industry?

It was consistently reported that the main reason people are choosing to leave the rail industry is due to a lack of career progression and a lack of development opportunities. This was partially attributed to the slow movement through the hierarchy. As traditionally the industry is renowned for keeping employees ‘for life’, it can be a very long wait for progression.

Some positions within the industry are notable for finite a career path. For example, train drivers have few progression opportunities available once they have reached the highest grade within their position. For some drivers, a move into management is possible but contingent on opportunities to develop management capabilities being available and an appropriate vacancy arising. In positions like these, it is difficult for an organisation to provide new and challenging opportunities that will engage employees.

Closely linked to a lack of career progression is the lack of a clear and visible career path. Employees report no readily accessible overview of the potential directions their career could take, nor are they provided support to plot their desired development path.

Remuneration was also noted as a reason for employees leaving the industry (particularly younger employees). Queensland and WA report that many employees leave to work in the mining industry for substantially higher pay. Most interviewed do not regard this as a long-term decision, rather that most people who undertake this move do so for a short period of time and then may return. This makes it essential for organisations within the rail industry to maintain contact with employees who have left and to manage the exit process effectively.

These views are supported by the employee survey responses. Interestingly, there is a similar pattern to that expressed in questions about recommending the industry as a place of employment. 48% of all respondents intend to stay long term (10 years or more). Those who intend to stay long term are most frequently satisfied by the safety of the industry and their co-workers, whilst those who intend to leave in the short term (1-3 years) report being least satisfied by:

1. career progression
2. leadership
3. recognition for a job well done
4. work/life balance
5. training

Career progression and visible career paths are linked.

Those that leave the industry for mining may be an available source of labour in the future.

The satisfiers of those who stay long term may be creating the dissatisfiers for those who leave.

A lack of career progression is consistently reported as a reason for leaving the industry.
During focus groups and interviews, participants were asked how they would describe the rail industry. Not surprisingly, internal perceptions of the industry consisted of both positive and negative sentiment. The most frequently reported positive descriptors of the industry included:

- growing / changing
- exciting / challenging
- opportunity / revival
- community service
- fundamental service for the economy
- moving forward
- renewed enthusiasm
- loyal workforce.

**Internal perceptions of the industry**

Looking further into this information, it is evident from Figures 11, 12, and 13 that women are significantly more likely to not intend to stay long term, whereas those aged 36-45 years were significantly more likely to intend to stay long term. In terms of locational differences, those in remote areas were more likely to intend to stay whereas those in metro areas were less likely to.

**Fig. 11 – Intention to stay in Industry long term**

Variance from average (48%) by Gender

<table>
<thead>
<tr>
<th>Job conditions</th>
<th>% of those planning to stay long term who are satisfied</th>
<th>% of those planning to leave in the short term who are dissatisfied</th>
</tr>
</thead>
</table>

**Fig. 12 – Intention to stay in industry long term**

Variance from average (48%) by Age group

<table>
<thead>
<tr>
<th>Age group</th>
<th>% difference from average</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-25</td>
<td>-6%</td>
</tr>
<tr>
<td>26-35</td>
<td>2%</td>
</tr>
<tr>
<td>36-45</td>
<td>8%</td>
</tr>
<tr>
<td>46-55</td>
<td>10%</td>
</tr>
<tr>
<td>55+</td>
<td>12%</td>
</tr>
</tbody>
</table>

**Fig. 13 – Intention to stay in industry long term**

Variance from average (48%) by Location type

<table>
<thead>
<tr>
<th>Location type</th>
<th>% difference from average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan city</td>
<td>-15%</td>
</tr>
<tr>
<td>Regional town</td>
<td>-5%</td>
</tr>
<tr>
<td>Remote location</td>
<td>15%</td>
</tr>
</tbody>
</table>
A number of these descriptors correspond with the reasons that people chose to join the industry (as discussed previously). In particular, community service, challenging, exciting and growing were also cited as reasons for joining the industry.

New Zealand and WA both expressed particularly positive perceptions of the rail industry, and reported an exciting stage of growth and challenge for the industry. These regions seem to be expanding and not experiencing the significant negative media coverage that the other areas reported receiving. The combination of these elements seems to have a positive effect on employee reports.

There were a wide range of other descriptors used for the industry which provide a less positive picture of the industry. It is evident that many of these are the product of the age of the industry, and the movements in the industry since the 1990’s. These descriptors for the industry include:

- under funded
- fragmented
- inwardly focussed
- old / antiquated
- highly regulated
- slow moving
- short term focussed
- identity crisis
- not modern.

External perceptions of the industry

Focus group and interview respondents were asked how they believe the general public perceives their industry. By contrast to their internal perception, participants predominantly felt the general public had a negative perception of the industry. Most employees questioned believed that the rail industry had a poor public image and that it received frequent negative publicity that perpetuated the poor image.

Many responses as to how participants believe the general public perceives the industry were associated with traditional stereotypes of the industry, including:

- blue-collar
- bureaucratic
- public sector
- unionised
- not ‘sexy’
- male dominated.

There is a likely link between the perception of public views of the industry as an employer and their experience as consumers.

It was apparent that some perceptions that were believed to be held by the general public were likely to be generated from what they might experience as consumers of service, these included:

- inefficient
- dirty industry
- needs renovation
- not innovative.

A perception that the general public lack knowledge of the rail industry as an employer was further highlighted with the following descriptors:

- irrelevant
- not a career option
- little awareness of rail and associated career opportunities.

The only exception to the belief that the public perceive rail negatively came from New Zealand. The New Zealand industry has undergone a period of investment and expansion to the public utility of rail which New Zealand participants identified as driving a sense of the public ‘waiting to see the changes’ in an enthusiastic and anticipatory manner.

In Australia, there is a lack of alignment between how rail employees perceive the industry, and how they believe the general public perceives it. Specific contributions that highlight this issue are:

- frequent negative media coverage (and a lack of positive media coverage)
- few links with educational institutions to communicate the career opportunities available
- personal experience of rail (primarily passenger)
- frequent changes / restructures to rail operators has caused confusion among the public.

Interview and survey participants reported that the belief that rail was perceived poorly by the public has a negative impact on staff morale, and employers’ pride in their workplace. Respondents believed there was a link between poor morale and increased absenteeism and turnover. External research supports this view and pays particular attention to the impact amongst younger workers, who place a high value on feeling their work has a greater purpose and value.

Training and skill development in the industry

The dominant theme emerging from the data in relation to training and skill development in the rail industry is that operators are reluctant to invest in training their employees. There is a strong belief they will be poached by another operator before the training operator has received any return on their investment. The majority of interview and focus group participants indicated that their strategy to obtain the skills they require is to ‘buy’, rather than ‘grow’. This indicates a
An industry focus to training would provide the best returns.

A number of changes have been made that will alter the industrial relations environment in which the industry operates.

The impact on the industry of the WorkChoices changes are not yet fully understood.

Training and development is indicated as both an attractor to the industry, and a reason for leaving once it is apparent that the industry does not deliver. Consequently, targeted improvements in this area are likely to deliver returns in the industry’s capacity to attract and retain. Contributors to this study from within the industry clearly recognise the predominant buying behaviour around skills is short sighted. It is however an area that requires an industry focus to any solution for best results.

The changing industrial environment in Australia

The workplace relations amendment (WorkChoices) bill 2005 was passed by the Australian Parliament in December 2005. It is anticipated that the WorkChoices amendments will significantly reshape the employment and industrial relations landscape in Australia. The key changes that were passed by WorkChoices are summarised as:\(22\):

- A move towards a single national system of employment and industrial relations
- Significantly reduced powers of the Australian Industrial Relations Commission (AIRC), in particular, the removal of its existing wage setting function and compulsory dispute resolution powers
- Introduction of new regulatory bodies
- Introduction of the Fair Pay and Conditions Standard as a minimum safety net standard
- Limitation of termination of employment laws
- Rationalisation and simplification of industrial awards
- Increased prominence given to workplace agreements (particularly individual workplace agreements)
- More restrictive laws regulating industrial action
- Changes to transmission of business laws
- Changes to laws regulating industrial organisations (registration, freedom of association and right of entry provisions)

The WorkChoices changes have reportedly been implemented in order to provide Australia with a more flexible labour market and to maximise economic growth and employment opportunities in an increasingly globalised economy. Whilst the practical impact of the changes have not yet fully emerged there is significant criticism from employee groups that the WorkChoices changes will dramatically reduce the rights of employees in areas such as collective bargaining powers, minimum wages, minimum hours and unfair dismissal. The current media coverage is clear evidence that the variety of views about these changes will be debated within workplaces and between employers and unions.

Although the precise implications of the WorkChoices changes have not been seen at this stage it is clear that the changes will have significant ramifications in the industrial relations environment of the Australian rail industry. Tensions can


Large government operators are ‘used’ as the provider of trained personnel to the wider industry.

No nationally recognised training standard for key skills exacerbates the problem.

Tertiary institutions provide few programs that support the needs of the industry.

Use of apprenticeships to train the emerging workforce has slowed significantly.

Preference to paying higher salaries to fully qualified or experienced employees who already have the necessary skills, than to invest the time and money in training employees for whom no return might be received. It was recognised that in the long term this strategy was not sustainable. It was suggested that the industry has relied on industry ‘feeders’, usually large government owned operators. These large operators do invest heavily in training their employees, and it is this pool of trained employees who ‘feed’ the skill requirements of the industry.

Given the reluctance of rail operators to invest in training and development of their employees it is not surprising that the majority of training being provided is regulatory based (such as safety training), rather than focusing on the training which would assist in the personal or professional development of the individual employee.

Many believed that the lack of a nationally recognised training standard was a major problem for the rail industry. Whilst there is a TDT Training Package available for rail operators and rail infrastructure, it is not consistently recognised by operators or by regulators. It was widely felt by Australian respondents that a national standard of training would provide consistency in format and training length across Australia. In addition it would provide a basis for transferability of skills and qualifications across states. Recognised transferability of skills between states begins to open up a national labour market for the industry, and offers a selling point for employees and operators are ‘used’ as the provider of trained personnel to the wider industry.

Taking a broader perspective on training and development, there was significant comment on the role of tertiary institutions in the provision of appropriate courses for the industry. In particular, there was a shared view that currently institutions offer only limited courses that equip students with the necessary skills for a career in rail. Without a unified industry view, tertiary institutions are unlikely to build programmes that would draw only limited support. This ‘chicken and egg’ arrangement leaves the onus on industry to develop the necessary programmes for their employees.

A traditional pathway for entrants to the rail industry to learn the requisite skills was through apprenticeship programmes. It was repeatedly reported that the number of apprenticeships in the industry had significantly decreased, and current apprenticeships on offer were negligible.

The reduction in apprenticeships is reportedly due to a number of contributing factors. These include:

- a lack of suitable supervisors
- concern that qualified apprentices will leave the organisation after a considerable investment has been made in them
- a lack of appropriate interfaces with educational institutions to provide a pool of potential apprentices.

Notable as an exception is Queensland who reports a relatively successful apprenticeship programme. Queensland also has stronger links between the rail industry and educational institutions at all levels.


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- Changes to laws regulating industrial organisations (registration, freedom of association and right of entry provisions)
Introduction of Innovation.

and balanced with the needs to be targeted is considered a risk but little is done to manage its loss. Industry knowledge may be difficult for the industry to manage.

Use of immigration

Expanding the search for skilled labour into the international labour market is an avenue that is being explored by the Australasian rail industry. The Australasian Railway Association, in conjunction with the Immigration Department is working with the industry to look at possible solutions to meeting short term skill shortages through immigration.

Operators in both Australia and New Zealand report implementing international campaigns for key positions that are difficult to recruit in the domestic labour market. The success of international campaigns was varied and comments indicated that this approach required considerable expenditure of time and money and the returns were often below expectations.

Sourcing skilled labour offshore adds another level of diversity to the rail workforce. Well managed diversity provides a good source of refresh and innovation in organisations. Poorly managed it can create tensions that are difficult to resolve. As with diversification of the workforce on other dimensions (such as age and gender) the success of operators in retaining migrant workers will be dependent on their ability to sustain the necessary supporting mechanisms.

New Zealand reported feeling the negative implications of operating in a global labour market, and indicated that a significant number of rail workers (train drivers were highlighted) were leaving New Zealand to work in Australia.

Knowledge transfer

It is recognised that the projected outflow of retiring employees will result in a substantial loss of organisational and industry knowledge. Some participants reported that large amounts of industry knowledge had already been lost due to the departure of long serving employees.

Participants considered the knowledge retained by long serving employees as a valuable commodity and important to retain in the industry. They also understand that a slavish adherence to the past is not necessarily in the industry’s best interests.

As with diversification of the workforce on other dimensions (such as age and gender) the success of operators in retaining migrant workers will be dependent on their ability to sustain the necessary supporting mechanisms.

New Zealand reported feeling the negative implications of operating in a global labour market, and indicated that a significant number of rail workers (train drivers were highlighted) were leaving New Zealand to work in Australia.

The prevailing culture is marked by loyalty between co-workers. The culture that is causing the current generation to stay may be driving away the next generation.

Issues impacting attraction and retention of employees in the Australasian rail industry

Some participants indicated that their organisation had one or more of these practices operating in their organisation. Considerable variation in the manner and degree to which organisations are addressing this issue is reported. The majority of participants indicate that their organisation is aware of the need to transfer knowledge, but had not yet implemented anything to address the issue.

In some organisations, this is compounded by the decrease or cancellation of programmes that would help to facilitate knowledge transfer (such as mentoring). This is reportedly due to a lack of ability to support them either as a result of pressure on senior staff to contribute or the lack of staff to manage them.

Culture

Members of the rail industry report a strong sense of camaraderie amongst work colleagues. This is indicated as particularly satisfying to employees who intended to remain in the industry for 10 years of more. Participants in interviews and focus groups also repeatedly reported that the rail workforce is traditionally a very ‘loyal’ workforce.

The strong sense of camaraderie and loyalty between co-workers serves to strongly reinforce the culture both within individual organisations, and within the industry as a whole. The rail culture has been further reinforced by the traditional trend of employees having a long tenure in the industry, and often spending their whole working life in the industry.

It is interesting to consider the effect of such a strongly reinforced culture on the industry’s ability to attract and retain employees. At the highest level, the data indicates a relatively low overall level of turnover. A deeper look indicates that the turnover that does occur, is disproportionately amongst employees in their first year of service, or before they complete their third year of service with the employer. Furthermore, it was reported anecdotally that if employees make it past their first three years of service, they are likely to remain in the industry for a long time.

The pattern of high turnover in the early years of service with an employer, and relatively low turnover if the employment goes beyond the first couple of years suggests a pattern that sees new employees ‘enculturate’ or leave. This difficult dynamic further reinforces the prevailing culture, and makes it even more resistant to new entrants who try to effect change on the culture. Whilst this may be considered desirable in terms of the existing workforce, the ability of the industry to attract and retain the next generation is severely compromised. Changes to such a deeply ingrained culture are unlikely to be effected without difficulty and significant tension.

Technology and Innovation

The technology profile of the rail industry ranges from some passenger systems that have been in existence for 150 years, to the use of world class technologies in the freight sector. Whilst participants report significant innovation and new technology at work, for some sectors of the rail industry, overwhelmingly the perception is that the industry is not ‘high tech’.

Sourcing skilled labour offshore adds another level of diversity to the rail workforce. Well managed diversity provides a good source of refresh and innovation in organisations. Poorly managed it can create tensions that are difficult to resolve. As with diversification of the workforce on other dimensions (such as age and gender) the success of operators in retaining migrant workers will be dependent on their ability to sustain the necessary supporting mechanisms.

New Zealand reported feeling the negative implications of operating in a global labour market, and indicated that a significant number of rail workers (train drivers were highlighted) were leaving New Zealand to work in Australia.
There are a number of constraining factors to increasing innovation and advancement in technology in the rail industry:

> The trend towards short to medium term contracts underpinning franchise arrangements which makes investment in research and development unattractive for operators who fear losing the contract before any return on their investment is realised.

> Due to the maturity of the industry, there are a number of very old (over 100 years) systems and underlying infrastructure. Participants report a perception that they remain because the cost of making wholesale updates to the infrastructure of these systems is prohibitive. The ageing infrastructure, in turn, limits the rolling stock that can be used.

> The rail industry is highly regulated, and as a result has become very risk averse. Participants reported reluctance amongst operators to bear the risk of implementing innovations and changes in technology.

> As has been discussed in the preceding section, the rail industry enjoys a strong culture, which demonstrates resistance to attempts at change from new members to the industry. This characteristic of the culture has a limiting effect on the capacity to innovate.

The perception that rail is not a ‘high tech’ industry impacts on the ability to attract and retain younger workers, and is particularly felt in certain engineering fields. It was reported that engineers see working in the rail industry as being predominantly about maintaining the existing infrastructure and rolling stock, rather than being involved in new developments. This makes the battle for engineers, in a very tight market, even more difficult for the rail industry, due to competition with others who are able to offer opportunities for new development.

Going forward it will become increasingly important for the rail industry to use technology and innovation to find new and more efficient ways of working and designing roles. Effectively redesigning roles to take advantage of technology and innovation will allow the industry to continue to operate in an effective manner, despite the decrease in the availability of appropriate skills and numbers of workers.

### Future employee and skill requirements

Throughout the course of the project, it has become apparent that there is limited reliable data available about the current status of the industry from the perspective of its employees and skills. During focus groups and interviews it was also highlighted that, on the whole, there is limited future planning to identify future industry requirements in respect of employees and skills.

When asked how well the current level and types of skills available in the industry meet the projected skills requirements, the overwhelming response was that organisations did not have an accurate picture of the skills they currently had, and did not have the information to project what they needed in the future.
Current employees in rail who are nearing retirement

As has been discussed throughout this report, the current rail workforce comprises a significant proportion of older workers. Over the next 5-10 years there will be a significant number of this group reaching retirement age. Due to the high level of knowledge retained by this group of employees it may be beneficial to the industry if some employees who are eligible to retire could be retained in the industry. In order to try retain this group of current employees who are nearing retirement age, it is necessary to understand their changing preferences and expectations in relation to work.

Traditionally this group of workers have14:
- valued loyalty
- believed in long-term tenure with one employer and paying one’s dues
- adhered to fixed work hours and schedules
- maintained a strong work ethic.

These characteristics may be substantially true of this group whilst they identify themselves as career rail employees, but as they begin to identify more as ‘within reach of retirement’ their expectations and preferences toward work change. This strong theme emerged through focus groups and interviews, both in respect of observations of this group and by members of this group.

A number of these workers have reached a stage in life, where they have reduced responsibility to support family. Some are relatively financially secure and no longer need to work for financial reasons whilst others may have an ongoing need for an income, albeit reduced. The shift in focus seems to have impacted not only their need to work, but also their traditional expectations and preferences in relation to their work.

As this group’s need to work declines, employers need to understand what might make them want to work. Interview and focus group results indicate a strong theme relating to this group is a desire to feel valued, both by the employer and by fellow colleagues. The desire to feel valued was strongly related to recognition within their organisation that they had significant knowledge, skills and experience that are important to the organisation.

In addition to the desire to feel valued, this group of employees also expressed a preference for options of flexible working conditions and hours. This is a significant change from the traditional work expectations of this group, which was quite regimented, and wedded to traditional work hours and schedules.

It could be beneficial to retain some of those employees who will soon become eligible for retirement.

Expectations and work preferences of the traditional rail workforce are changing.

Older employees want to feel valued and have flexible work options available.

A growing number of key positions in the rail industry will have to be drawn from generation X and Y employees.

Gen X and Y want challenging, purposeful work and rapid career progression.

Young people largely expect to be employed in highly skilled white collar jobs.

The option of flexible working hours facilitates a phased retirement, possibly over a period of years, which research indicates is the favourable way for workers to enter retirement15. Another factor that was quite strongly expressed through focus groups and interviews was that focussing on financial rewards, was not the most effective retention mechanism for this group of employees. The key challenge in engaging with this potential workforce is to ensure their roles used for retention causes them to feel valued without blocking the way forward for the emerging workforce.

The emerging workforce

In addition to a need for the industry to retain some employees who have been in the industry for a long period of time, it is increasingly necessary for the rail industry to attract and retain new workers. Now and over the coming decades it will be essential for a growing proportion of key positions in the industry to be drawn from the ‘X generation’ (people born between around 1965-1978) and the ‘Y generation’ (people born from about 1979 onwards)16.

Research suggests that younger workers, and particularly those from the Y generation are highly mobile, and seek rapid career progression. In 2004 approximately 25% of workers aged between 20-24 years (Y generation workers) moved jobs in the previous year17.

While statistical evidence relating to career patterns and preferences of younger workers is of necessity limited, there are emerging trends. Unlike their predecessors from previous generations, generation X and Y workers are no longer seeking security from a ‘job-for-life’. Rather, younger workers see developing a flexible set of skills through multiple career changes as their main source of job security. Surveys of younger workers have indicated that when choosing an employer, generation X and Y workers place significant importance on18:
- challenging work
- a clearly articulated purpose
- being provided with developmental opportunities
- transparent requirements for career progression
- flexible and collaborative working arrangements.

The expectations of young people in relation to the type of occupation they will have in the future are changing. There is a clear trend towards higher levels of educational attainment where both a greater proportion of young adults now attain full high-school education, and a higher proportion of young adults achieve graduate and higher degrees19. Consequently, most young people have expectations

15 Management Advisory Committee 2005, Managing and Sustaining the APS Workforce: Paying particular attention to graduate recruitment and career development, Commonwealth of Australia, Canberra.
16 Australian Bureau of Statistics 2004, Labour Mobility, Cat. No. 6209.0, ABS, Canberra.
17 Management Advisory Committee 2005, Managing and Sustaining the APS Workforce: Paying particular attention to graduate recruitment and career development, Commonwealth of Australia, Canberra.
of finding a job that will match their level of educational achievement. As can be seen in the table below, there is a strong trend among young Australians towards expecting to work in highly skilled white collar occupations.

### Table: The percentage of 15 year olds in Australia expecting to have a white or blue collar, high or low skilled occupation by the age of 30 (2000)

<table>
<thead>
<tr>
<th></th>
<th>White-collar</th>
<th>Blue-collar</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Highly-skilled</td>
<td>Low-skilled</td>
</tr>
<tr>
<td>White-collar</td>
<td>65.0</td>
<td>10.4</td>
</tr>
<tr>
<td>Blue-collar</td>
<td>11.7</td>
<td>12.9</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

The preference of young Australians towards working in white-collar occupations is likely to cause tensions and disappointment in the future. As white-collar jobs currently only account for two in five jobs a significant proportion of young workers will either need to readjust their job expectations, or work in occupations that do not meet their expectations. The impact of this profile is likely to be exacerbated by older workers remaining longer in ‘desirable’ jobs and diminishing the likelihood of young workers meeting their own expectations. This poses an interesting and challenging environment for managers.

#### Female workers

It is evident from the demography, that a group promising significant growth in future labour force participation is women. Traditionally and currently, women have represented a small percentage of the rail workforce. Their increasing participation presents both a significant opportunity, and a significant challenge for the industry.

There is great potential to increase the participation of women in the rail workforce as they represent a growing but largely untapped source of labour for rail. Conversely, as women are currently largely un-represented in the rail industry, it will be a significant challenge for the industry to learn how to attract and retain them.

Research indicates that in relation to work, female workers have the following preferences:

- strong and visible female leadership
- availability of female mentors for new female graduates
- flexible working arrangements (eg job share, working from home, part-time work)
- female friendly locations/facilities (eg female toilets)
- adequate support structures (eg childcare options)
- flexible remuneration alternatives (eg salary sacrifice for child care or additional leave)
- work evaluated on the basis of outcomes, achievement of goals and productivity rather than presence in the workplace.

As can be seen above, many of the preconditions to work for women are foreign or difficult for the rail industry as it currently operates (i.e. strong and visible female leadership and availability of female mentors). Other expectations of female workers, such as female friendly locations/facilities, and adequate support structures are also likely to challenge the traditional ‘rail’ culture. However, it is evident that it will become increasingly necessary for the industry to make the necessary change to attract and retain this significant group of workers.

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Better practice attraction and retention refers to the various mechanisms that have been found to assist an organisation, and industry, to increase its capacity to attract workers and then retain them. Research suggests there are numerous factors that can affect employee attraction and retention; and these can be grouped into 5 broad categories:

- Financial rewards
  - Total remuneration package
  - Appropriate base salary
  - Other benefits relevant to employees

- Opportunities for career development
  - Promotion
  - Skill development
  - Enhancing employability

- Job Content
  - Challenging, meaningful work
  - Create purpose
  - Intrinsic qualities of a job

- Social atmosphere
  - Loyalty to colleagues
  - Social network

- Work-life balance
  - Flexible forms of work

The following discussion introduces the ideas and practices of other rail jurisdictions and other industries within Australia that have been developed to address one or more of these mechanisms of attraction and retention. The term ‘better practice’ rather than ‘best practice’ is used as the foundations of the practice accord with commonly described best practice activities, but there is currently limited longitudinal data to indicate their success (due to their recent implementation).

While it is not intended that any one of the ideas and practices listed below will ‘solve’ the rail industry’s attraction and retention issues, they do provide ideas on the range of possible measures that could be implemented. The discussion demonstrates that the issue of attraction and retention of employees is one facing a number of industries drawing on the same pool of labour, and the rail industry will compete with them for employees.

### Other rail jurisdictions

#### Canada

In 2002 the Rail Association of Canada (RAC) undertook a Human Resources Study which among other things, sought to investigate and develop recommendations to address the potential future skills shortage for the rail industry.

Specific recommendations that were made as a result of this study included:

- At regular intervals, Canadian railways will pool employee information for the purposes of identifying occupational trends, monitoring demographics, positioning demand and internal mobility, and measuring attrition rates and mobility into and out of the rail industry.
- The industry will examine issues related to an ageing workforce and its replacement.
- The rail industry will develop realistic information that promotes rail as an industry of choice and create opportunities for labour and management to assist in the recruitment of the next generation of railway employees.
- Continue to develop occupational profiles and curriculum, and continue to work with colleges on pre-employment training. Mechanisms for appropriate union participation in these developments should be discussed to ensure changes are mutually beneficial.
- Seek ways to develop common training methods and packages for those occupations that will continue to have training delivered internally rather than through pre-employment programmes.

In the time following the completion of the Canadian rail industry Human Resources Study a number of industry wide initiatives have been implemented in order to address the recommendations made:

- The rail industry is now developing and sharing their workforce planning information. Employers in the industry are first examining their own employee demographics, and then pooling the information to provide a clear demographic picture of the industry and thus establishing an accurate base from which to make industry wide workforce planning decisions.
- In the late 1990’s the 60 members of the RAC agreed to change from the traditional model of recruiting employees at the ground level and providing in-house training to develop skills and allow employees to move up the ladder within the industry. Canada now has a system of pre-employment training which is delivered by colleges across the country. Participants pay their own tuition fees, and once graduated they can seek employment in the industry. This has significantly reduced the training costs of organisations, and has provided the industry with a pool of recruits who are able to commence work from their first day and with the skills that are aligned to the technological requirements of the industry. This is the model used by the majority of industries in Canada.
- A number of promotion activities have been launched (including websites, brochures and attendance at career fairs) in order to attract people into pre-employment rail training.
- RAC member rail organisations are tracking retention and career progression rates of employees who have participated in the Institute of Rail Technology (IRT) pre-employment rail training to determine what effect the training has on retention and career progression.
- In order to encourage women to undertake non-traditional roles, the IRT has begun a bursary programme to attract females to undertake the IRT pre-

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Footnotes:

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Preparation of this paper was supported by bursaries and pre-employment training.

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Consultation with Director, Institute of Railway Technology, Canada, 2005.
employment rail training. This is offered to one female student in each intake from each college each year, based on the financial need of the individual.

- It was recognised that the Aboriginal population was significantly under-represented in the industry and that this group could satisfy a substantial number of positions required from the industry. Attracting indigenous workers to the industry would be particularly valuable as there are a number of positions located in rural areas in which Aboriginal communities are located. There have been a number of initiatives undertaken in order to attract indigenous workers including production of a video promoting rail as a positive career option for indigenous youth, and a programme called ‘Industry in the Classroom’ through the National Aboriginal Achievement Foundation, in which a railway representative and high-profile indigenous Olympic athlete visited more than 50 Aboriginal high schools and delivered a half day programme promoting the industry.

United Kingdom
The UK rail industry has seen a period of significant change over the past couple of decades – including privatisation of the industry which saw considerable fragmentation. This experience from the UK can provide some valuable lessons for the Australasian rail industry which has also undergone substantial fragmentation over the past decade:

- The most notable impacts of privatisation were:
  - cost escalation issues following under investment in the nationalised industry
  - survival focus and short-term focus during the restructuring phase
  - franchises were initially awarded to the lowest bidder.

All of these factors lead to reluctance from the industry to invest in learning and development.

- The assessment of franchises now involves the concept of ‘best value’ rather than a purely economic focus, and considers factors such as sustainable performance and development.
- The UK industry has made a strong focus on customer service, which has increased the number of younger employees joining the industry. A number of large operators have invested heavily in recruiting and training staff with a good customer service focus. This includes empowering staff to act autonomously within a framework of good customer service practice.
- From an engineering perspective Network Rail recently decided to bring maintenance contracts back in house. With this change, a comprehensive industry programme for engineering and maintenance has been introduced, which has enabled better communication and shared language across the network.
- It was noted that there are a number of common operators in the Australasian and UK industries. This provides opportunities for knowledge and practices to be shared, and may provide opportunities for overseas secondments.
- The overwhelming learning from the UK experience is the need for the industry to act in concert. While competition may impact on revenues there needs to be engagement as a common industry in areas like training and development.

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Lessons can be learnt from the UK’s experience with privatisation.

Awarding franchises should include consideration of contribution to the industry through sustainable performance and development.

Despite competition, the industry needs to engage as a common industry in areas such as training and development.

Other industries

Road freight
In 2003 the Australian road freight transport industry, in conjunction with the National Industry Skills Initiative conducted a study on the skills needs for the industry. From this study the following four objectives were identified:

- Improve employment outcomes, particularly the recruitment and retention of skilled employees
- Enhance the image and profile of the road freight industry to promote greater awareness of its important role and ensure that it is seen to offer attractive job opportunities and career paths.
- Develop and support a credible and effective training culture within the industry to encourage the skilling of employees, strengthen employment outcomes, enhance regulatory compliance and meet broader legal requirements.
- Review and improve existing training structures to promote easier access to the industry and provide better skilling of employees and trainees.

A number of these objectives also resonate with the rail industry. Of the objectives possibly the most interesting and relevant to rail is the enhancement of the industry profile and image.

Suggested strategies identified to enhance the image and profile of the road freight industry include:

- Promote a recognisable personality as the ‘face’ of the industry.
- Review the language and visual images used to describe the road freight industry.
- Improve liaison with schools, students and their parents, including appropriate careers advice to attract new entrants to the industry.
- Communications with schools, students and parents would include the breadth and range of career opportunities, alternative career paths, the availability and quality of training, and highlighting the appealing features of various jobs in the industry.
- Investigate the innovative use of technology and the ‘Trucker Buddy’ programme to expand awareness of the industry’s role in the community (existing US programme).
- The ‘Trucker Buddy’ programme links a driver in the road freight industry with a school class. During the year, through e-mail correspondence, the road freight representative communicates with the school class and talks about their job, the types of tasks they complete and where he/she travels. Through this programme school children gain a more realistic understanding of the types of tasks and jobs that the road freight industry involves, and the significant role that the industry plays in everyday life.

34 Consultation with Chief Executive, UK Strategic Rail Authority, 2006.

35 Australian Trucking Association 2003, Driving Australia’s Future – A report and action plan addressing the skills needs of the road freight transport industry. Commonwealth of Australia, Canberra.
Better practice attraction and retention

> Improve audience coverage and the quality of career information available in the ‘Safety Education Trailer’.
  > The ‘Safety Education Trailer’ (SET) is a modern, well presented semi-trailer that travels around Australia to schools and communities. The SET is a national educational initiative which focuses on the promotion of road safety and community education. The SET also communicates the impact that road freight has on the Australian community and the economy, and the career opportunities that are available.

Mining

In 2005 the Minerals Sector (Minerals Council of Australia, The Chamber of Mines & Energy Western Australia) undertook analysis of their current and future skill needs. This research concluded that in light of the anticipated level of future demand for ore and related products, the industry will undergo expansion and development. However, if the skilled labour cannot be secured to construct and operate the new sites, future plans for expansion may be jeopardised.

The report outlined three medium term strategies to be put in place within the industry:

> Improving retention rates, through addressing:
  > total remuneration packages
  > flexible rostering and working arrangements
  > instituting clear career pathways within companies

> Widen the labour pool, by employing more:
  > women
  > young people (especially through pathway programmes with schools and training providers)
  > Indigenous people
  > ‘green’ workers (i.e. from outside the industry, but with transferable skills)

> Enhancing capability among the workforce by:
  > Up-skilling of existing workers through employer-provided training developed in partnership with government and training providers
  > introducing more multi-skilling and multi-tasking

It was noted in the report that each of the proposed strategies was being used with some degree of success by one or more organisations in the industry.

Queensland minerals sector

The Queensland Resources Council conducted research on attraction and retention in the Queensland minerals sector in 2004. This study focussed on the perceptions and expectations of new entrants and potential new entrants to the industry. Key findings were:

> The industry generally suffers from short-term thinking in managing human resource issues due to competitiveness and the state of the economy.
> There is a mismatch between the expectations of graduates and what the industry, as a whole is delivering.
> There is not enough collaboration between government, industry, universities and schools.
> The mining resources industry does not have a high profile and is generally not seen as attractive by generation Y.

Through interviews and focus groups conducted in the current research, it is evident that all of these findings are consistent with the current state of the Australasian rail industry.

In response to the observations, the recommendations raised through the Queensland Resources Council work focussed on raising the image and interest in the industry among the community and students at different stages of their studies:

> Challenge perceptions of the industry being harsh, dirty, physical and lonely versus outdoors, fun, exciting and social, through advertisement campaigns to highlight the attractiveness of working in the industry. These advertisements would also include images of people from different genders, ages and cultures to address the current perceptions of diversity in the industry.
> Target children in regional areas and boarding schools, as these students are more likely to have been exposed to the industry, and therefore interested in a career in the resources sector. This would involve conducting Careers Information Nights for students and their families.
> Provide a pool of ‘real’ people from industry to liaise with school career counsellors and students, in addition to the traditional information materials provided about career opportunities.
> Develop opportunities for experiential learning about the industry at all levels of education. This could include providing mineral samples to schools, facilitating field trips to mine sites, and arranging opportunities for holiday work experience for high school and university students.
> Increase consistency in industry standards of behaviour through the development of a best practices workplace policies package including equal opportunity and diversity-friendly policies.

Although mining is identified as able to attract increasing numbers of employees through generous remuneration, they too are focused on similar issues around attraction and retention.

> Increase consistency in industry standards of behaviour through the development of a best practices workplace policies package including equal opportunity and diversity-friendly policies.

> Improve audience coverage and the quality of career information available in the ‘Safety Education Trailer’.
> Widen the labour pool, by employing more:
  > women
  > young people (especially through pathway programmes with schools and training providers)
>


Ibid.
Engineering

The Re-Engineering Australia Forum (REA) is a group of organisations from industry and educational institutions who are working together to advance manufacturing and engineering technology. The specific goals of REA include:

- Develop the skills of children to assure their opportunities for the future.
- Promote links between industry and educational institutions, to inspire younger generations to consider engineering as a fulfilling career path.
- Encourage young Australians to choose engineering as a profession.
- Create employment and training opportunities for Australians in the field of engineering technology.

REA recognizes the need to capture the interest and imagination of the future workforce at a very young age. Skill development and enhanced interest in the industry are addressed through activities at all educational levels, starting at the age of only 5 years. Throughout a student's educational career interest is raised through development and encouragement of progressively more complex skills which are applicable to a career in engineering.

Source: Skilling Australia, Inspiring Young Australians to take up careers in Engineering and Manufacturing, 2005.

REA sponsors a range of initiatives across Australia each of which:

- Expose students to the world's most advanced technology.
- Develop links with industry.
- Include regional Australia.
- Provide incentives to continue focussing in engineering.

REA initiatives include:

National Engineering Innovation Competition for Universities

- Students develop a unique product or process, in collaboration with regional Australian and industry partners.
- Winners receive an engineering study tour to experience first hand an environment of engineering best practice.

Schools Innovation Design Challenge

- Students design a miniature Formula 1 car using world class industry technology.
- City and country schools collaborate during the design process.
- Competition includes regional, state and national races.
- The 'fastest' Australian team competes in an international competition.

REA recognizes the need to capture the hearts and minds of the new workforce at an early age. Once this has been achieved, it is going to be difficult for other career options to be seen as a more attractive alternative.

Health

The health sector has long faced a difficulty in attraction and retention of employees, and in particular nursing staff. An American initiative is the accreditation of 'Magnet' Hospital Status to those hospitals which satisfy a number of specified criteria.

The Magnet hospital concept emerged over 20 years ago, when in spite of a national shortage of nurses, certain hospitals were able to retain staff, and attract new employees. This lead to the identification of the characteristics that made these hospitals more attractive than their counterparts. Magnet hospitals meet the following criteria:

- control and autonomy over practice settings
- availability of adequate support services
- encouragement of collaboration between colleagues to solve problems
- opportunities to participate in policy decisions
- powerful leadership
- strong recognition of the value of work.

Over 100 hospitals in America have achieved Magnet accreditation and research indicates that these hospitals have increased nurse morale, and safer patient care. Currently in Australia, one hospital (Princess Alexandra Hospital) has achieved Magnet status with a resultant reduction in staff turnover, increased patient satisfaction and increased staff morale. For example in 2 years since its accreditation turnover had reduced from 25% to just over 10%.

Magnet accreditation is currently governed by the American Nurses Credentialing Centre. The Australian Peak Nursing Forum recognises the need for Australia to develop its own national approach to the implementation of these principles in a uniform manner across the country.

US Health sector identified key practices that disproportionately are able to attract and retain key staff. They now accredit hospitals who perform these practices.

The first Australian hospital to achieve accreditation shows the US drivers deliver the same results here.

\[\text{Ibid}\]

\[\text{Armstrong, F. 2005, 'Magnet Hospitals: What's the attraction?', Australian Nursing Journal, v12, 8, 14-17.}\]
Trends identified by rail are also affecting the public service.

Key strategies focus on creating and sustaining relationships with graduates and their educational institutions.

Changing employee aspirations are managed by focusing on long term development and sustaining contact beyond the application or the work relationship.

Strategies focused on phasing options around the life stage are central.

The Human services sector focuses on older workers.

In July 2005 the human services sector released a study on attracting and retaining older workers. They recognise that this group of workers provides great opportunities if their participation and contribution can be maximised.

The report identifies different approaches to retaining older workers, which are aimed at individuals and to employers in the sector. Some of the key directions identified for organisations and the sector are:

45. Promote shifts in attitude about the standardised life course and career paths by varying the expectation that people enter at young ages, and retire when they reach a certain age.

46. Audit retention and exit to identify:
   - Retention and exit by age
   - Patterns of early retirement within occupations or sub sectors of the industry

47. Develop a strategic response:
   - Open up opportunities for new work structures and career paths for people as they age including those in transition to retirement
   - Provide phased retirement options such as:
     - part time work
     - job sharing
     - downshifting (a reduction in workplace responsibilities)
     - sabbaticals (time off to pursue further education)
     - secondments and volunteering
   - Consider opportunities for continued workforce attachment and re-entry eg. alumnus of retirees that could provide a pool of experience.

Public Service

The Management Advisory Committee conducted a review of managing and sustaining the Australian Public Service (APS) workforce which is rapidly changing from its traditional composition. The existing APS labour force is both ageing and becoming increasingly diverse in its career patterns and working arrangements. In particular the changes in the APS workforce have given rise to a number of emerging career patterns and expectations of employees including:

43. Portfolio careers - younger employees are seeking to develop flexible skills and have several changes of career direction.

44. Semi-retirees – workers in their 50s and older are seeking reduced hours of work and/or levels of responsibility.

45. Experienced and skilled recruits - employees from other industries are increasingly being attracted to the APS due to expectations of job security, opportunities for learning and development and greater work-life balance. This group is expected to grow as the population continues to age.

46. Career stabilisers – there is a growing group of workers who are content to remain at the same level for a prolonged period, for example while raising a family, or pursuing other interests, often while accessing conditions promoting a work-life balance.

In response to the changing dynamics of the workforce the APS has identified a number of actions to address the major issues. These actions include:

44. Smarter approaches to graduate recruitment and development
   - Reviewing the effectiveness of current graduate programmes in terms of remuneration and advancement arrangements, structure of roles and access to learning and development opportunities
   - Maintaining contact with high quality, but unsuccessful, candidates and encourage application for other suitable roles in the future
   - Collaborating with tertiary institutions about public policy programmes and other relevant disciplines in order to raise their quality, profile and status

45. Responding to the employment needs and career aspirations of the changing APS workforce
   - Performance management processes that address long term development needs
   - Establishment of alumni associations to maintain contact with retired employees
   - Introduction of former employees interested in further employment

43. Better practice attraction and retention

Trends identified by rail are also affecting the public service.

Human services sector

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   - Consider opportunities for continued workforce attachment and re-entry eg. alumnus of retirees that could provide a pool of experience.

Management Advisory Committee, 2005, Managing and Sustaining the APS Workforce: Focusing particular attention to graduate recruitment and career development, Commonwealth of Australia, Canberra.

Ibid.
Research conclusions
Situation overview

All operators are experiencing difficulties with attraction and/or retention of staff. The difficulties are not felt in the same way across the region or in the same way across individual operators. The varying concerns may relate to attraction or retention, particular occupational areas, particular work locations, or particular demographics within the workforce. Likewise, even within a state, or within New Zealand, operators are reporting different issues in comparison to other operators in their region.

While there is considerable diversity in the types of attraction and retention issues that are being faced in geographic regions and among individual operators, there were no organisations that reported not facing any problems in relation to attraction and retention of employees.

Not surprisingly, this industry is not alone. Over the past 1-3 years, a significant number of other Australian industries have conducted their own analysis of their industry’s ability to meet skill requirements now and into the future. Overwhelmingly the findings of other industries identify a need to undertake actions to improve the ability of their industry to attract and retain employees in what is an increasingly competitive labour market. The difficulties facing rail now, will increase as all industries seek to improve their practices in order to attract and retain the necessary skilled labour. Rail is behind other sectors in building strategies to address the problem.

Future prognosis

If the industry doesn’t change, attraction and retention problems are likely to become more severe, and will impact on all areas of the industry. A decline in the ability of the industry to attract and retain the necessary labour will occur due to the combination of a number of compounding factors that have a multiplier effect on attraction and retention in the future. These factors are:

> The current age profile of the industry – the ageing of the rail workforce is more acute than the ageing of the general workforce population. It is recognised that in the next 5-10 years a substantial proportion of employees in the industry will reach retirement age and exit the industry.

> Lack of focus on bringing in significant numbers of younger workers – there is no concerted effort to bring in large numbers of younger workers to the industry. Across the industry there are limited graduate programmes, and little focus on attracting trainees and apprentices.

> Inability to retain younger workers – turnover is concentrated towards employees in their first 3 years of service with an employer. Anecdotal reports indicate that turnover is highest among employees under 25 years of age. The inability to retain younger workers is likely to be partially due to a powerful industry culture that has the propensity to cause new entrants to either assimilate into the culture or leave the organisation.

> Sustained lack of investment in capability development of the workforce – since the privatisation and fragmentation of the industry there has been an overwhelming reluctance from the majority of operators to invest in the capability development of their workforces.

The combination of these factors will see the convergence of the loss of skills and experience from a large group of employees approaching retirement, coupled with the lack of suitably trained people to fill their positions. Once the group of workers who are nearing retirement leave the industry, there will not be the experience and mentors available to develop the necessary capabilities, and pass on knowledge to younger workers.

Why can’t the industry attract and retain?

It is evident that there are two quite distinct groups of employees in the rail industry:

> Traditional rail employees who are older males and who have spent the majority of their working life in the industry (‘lifers’)

> New entrants to the industry. A significant component of this group is younger workers in the early stages of their working lives.

The issues of attraction and retention are quite different for these two groups.

Traditional rail employees

Historically this group has had low turnover levels, and have spent the majority of their lives working in the rail industry.

The major attraction and retention issue for this group of employees is managing their mass exit from the workforce over the next 5-10 years. This exit will lead to a significant loss of skills, knowledge and experience from the industry.

The industry needs to consider how it can encourage some of this group of employees to continue working beyond retirement age in order to retain their knowledge within the industry, and undertake the process of passing on knowledge to the next generation of workers. The skills required for this transition are different to those traditionally employed by this group of workers.

To encourage these employees to continue working beyond retirement, it must be recognised that the work preferences and expectations of this group have changed from their traditional expectations. In the coming years, it will become increasingly important to make this group of employees want to continue working, as their need to work will generally have fallen.

Going forward this group of employees expects to:

> be recognised for providing a valuable contribution to their organisation and the industry through their knowledge and expertise

> have opportunities for flexible working arrangements and hours
New entrants to the industry

Attracting and retaining new entrants to the industry is vital for the successful continuation and expansion of the industry, particularly in light of the significant group of employees who will be reaching retirement age over the next 5-10 years. Despite the need for the industry to attract and retain new employees to the industry, currently there is little focus on the needs of this group. This group of employees is both difficult for the industry to attract, and also to retain.

The key issues impacting the attraction of this group are:

- A lack of awareness of the industry – there is a lack of information available to highlight the range of career opportunities available in the industry.
- The industry on the whole has not focussed on initiatives to target new entrants to the industry, such as graduate programmes and traineeships and apprenticeships.
- Negative media coverage of rail adversely impacts the perception of working in the industry.
- Work preferences and expectations of younger workers are different to the traditional rail workforce. The majority of the next generation of the Australian workforce is expecting to be working in highly skilled white collar positions44. Highly skilled white collar occupations are not consistent with the traditional rail stereotype.
- Many of the issues impacting on retention of new entrants to the industry are related to the traditional rail employees – in particular the long tenure of this group of employees. The key issues impacting the retention of this group are:
- A lack of career progression and development opportunities was repeatedly reported to be a key reason for employees to leave employers and the industry. The ability for the industry to provide the necessary opportunities for career progression is significantly hampered by the long tenure of the traditional rail employees who are occupying the majority of key roles in the industry.
- Linked to the lack of career progression, is the lack of a visible career path. There is little support to new employees to specify what a career in the industry would look like and to outline the range of career opportunities that are available.
- Dissatisfaction with leadership was a prominent trend among employees who were intending to leave the industry in the short term.
- There is a strong culture within rail that is highly resistant to change. A small number of new entrants assimilate with the rail culture and remain in the industry for a long period. Turnover trends reflect that a significant proportion of new entrants cease employment in the industry in the first 1-3 years of service. This is likely to be at least partially due to the existing culture being unprepared to accommodate the needs and desires of new members.


Leaving a legacy

The rail industry is a well-established and proud industry that has traditionally enjoyed a loyal workforce who are passionate about the industry and its future success. This has been reflected in many generations of families working their entire working life in the industry. The industry has played a key role in the development of Australia, and continues to make an important contribution to the economy and provide a valuable community service to many parts of Australia.

The fragmentation of the industry in the early 1990’s saw many changes in the industry including a greater focus on improvements to industry cost control, productivity and consequent short term operational goals. Long-term investment in development of the workforce became something of a casualty during this period. While this change in approach was driven from a need to ensure the ongoing viability of the industry over the past decade, it becomes increasingly unsustainable as the existing rail workforce reaches retirement age.

The industry is now at a critical decision point. It needs to conclude what legacy the existing workforce will leave. Will key industry decision makers focus on establishing sustainable mechanisms to address the development of appropriate skills knowledge and experience to continue the industry’s effective operation in the future? Or will the industry turn further towards an economic model which focuses on achievement of short-term operational goals? Indeed, a key and valid approach may be to segment the workforce and pursue a varied strategy depending on the nature of the skills being sought.

Whilst the alternatives are both viable, each requires a different focus from the industry. Establishing mechanisms to promote sustainability in skills, knowledge and experience will require significant changes in current industry and organisational practices, and will encourage the development of careers in rail. If rail is to follow the economic industry approach, the employment model will be based on a workforce of short tenure, potentially increased outsourcing, aggressive pursuit of pre-industry training and high prices paid for required skills. It is our view that an industry debate around this question is timely.

Measuring performance

Regardless of what changes the industry makes, currently there is no reliable industry data against which the industry can measure the impact of change. This project has demonstrated that not only can the industry not measure the impact of any changes, there is also inadequate industry data available to allow accurate determination of current and future workforce and skill requirements.

Until a base of reliable industry data is established, it will be impossible to...
determine if changes are being targeted in areas which will achieve maximum benefit, and any benefits that are achieved will only be measured based on guess work.

Working together

Throughout various consultation processes with a range of industry stakeholders (including employers, employee representatives and industry bodies) there was an undercurrent of strain in the relationship between employers and both their employees and their employees’ representatives. Regardless of how the industry decides to manage its skill requirements in the future, it is likely that significant changes in work practices will be required. These changes will potentially impact areas such as:

- Training and skill development
- Flexibility of work arrangements
- Remuneration
- The predominant culture

Successful changes to these areas will not be possible through a unilateral approach from any one part of the industry. In addition, to achieve effective change in working practices of the industry it is considered good practice, for employees as critical stakeholders to the change, to be engaged. Given that the rail industry is highly unionised, this stakeholder will need to be engaged in the process.

It is evident that the current state of tension in the industrial environment of the rail industry will provide challenges to achieving the necessary changes for the future of the industry. A key element in any industry plan should be for the industry to recognise and begin to address the hostilities and misconceptions held between employers, employees and employee representatives.
Workshop background

It was intended that a major component of this attraction and retention research project was to engage with CEOs and senior management of rail operators and other key industry stakeholders, including unions through participation in a workshop. This workshop was intended to seek input and commitment into the development of industry solutions. During the planning for the workshop, it was apparent that the articulation of the issue was not yet focused enough to engage the senior management of the majority of rail stakeholders.

Consequently, the Steering Committee proposed that instead of conducting a solution development workshop with the complete stakeholder group, that a workshop be conducted with the RSCC Executive and a small number of other HR representatives from a range of rail operators (See Appendix G for a list of attending organisations). The objective of this workshop was to promote a shared understanding of the attraction and retention issues facing employers across a range of possible strategic futures, and to identify the areas of focus that required a unified approach.

One of the key outcomes from this workshop was the establishment of a basis from which the RSCC and other HR professionals within the rail industry could conduct on-going strategic conversations with CEOs, senior management and other stakeholders on the problem of attracting and retaining employees, and the proposed collective approaches for improving the situation.

Workshop process

The workshop commenced with a presentation of preliminary research findings. It included a discussion of the issues that are currently impacting attraction and retention of employees in the rail industry, and an overview of ‘better practice’ attraction and retention approaches.

From this base, the workshop revolved around participants working through the development of future scenarios and discussing their likely impact on the industry. This required participants to reflect on the current situation of the industry, attraction and retention approaches being utilised in other industries and consideration of possible future impacts or issues facing the industry.

The various demands of differing scenarios were explored to identify the common strategies that might be required irrespective of the direction the industry might take.

Overview of future scenarios

Participants in the RSCC Executive workshop worked through a detailed process to develop some plausible future scenarios for the industry. The definition of future scenarios was not intended to be an accurate ‘prediction’ of the future. It was, however, intended to take participants through a process of considering possible and plausible future directions, and to test a range of considerations that may face rail in the future. Future scenarios were developed for both the freight and passenger sectors.

An overview of the characteristics of the future scenarios is provided below.

Freight scenarios

<table>
<thead>
<tr>
<th>Market Structure</th>
<th>Government Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-6 specialised majors</td>
<td>Capacity focussed</td>
</tr>
<tr>
<td>2-3 balanced duopoly &amp; fragmented short haul</td>
<td>Biasing choices at user level</td>
</tr>
</tbody>
</table>

Freight scenarios were developed based on different combinations of the type of government support provided to the industry, and the future market structure of operators.

The alternatives for these dimensions are:

- **Government Support**
  - Capacity focussed: Government provides funding to allow expansion of the existing capacity of the freight sector.
  - Biasing choices at user level: Government implements initiatives to bias consumer choice towards using freight rail (for example increasing costs on other forms of transportation).

- **Market Structure**
  - 5-6 specialised majors: the freight sector comprises of 5-6 major operators operating in different regions.
  - 2-3 balanced duopoly & fragmented short haul: the freight sector comprises of a small number of large operators covering the country, and a network of small organisations operating short haul routes.

A summary of the industry characteristics and workforce impacts for each of the freight scenarios developed, is provided below (as agreed by workshop participants):
Passenger scenarios were developed based on different combinations of demand stimulation, and supply expansion. The alternatives for these dimensions are:

**Demand Stimulation**
- Lower (subsidised) fares – demand is increased through subsidised fares.
- Restrict/integrate other transport modes – use of rail is made more attractive by integrating it with other types of transport (such as outer suburb bus routes that connect with commuter trains), or making other transport modes less accessible (such as through increased fares).

**Supply Expansion**
- Commuter extension – passenger services are expanded beyond the existing infrastructure and footprint to service new areas.
- Inertial within current footprint – capacity of the current infrastructure is increased, but area covered by services remains the same.

A summary of the industry characteristics and workforce impacts for each of the passenger scenarios developed, is provided below (as agreed by workshop participants):

<table>
<thead>
<tr>
<th>Characteristics and workforce impacts of future freight scenarios</th>
<th>'Nation Building'</th>
<th>'Customer Base Building'</th>
<th>'Regional Monopolies'</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry characteristics:</td>
<td>&gt; Strong lobbying power</td>
<td>&gt; Strong identification by sector/region</td>
<td>&gt; Less customer service focus, more capacity focus</td>
</tr>
<tr>
<td></td>
<td>&gt; Big / self sufficient / in control</td>
<td>&gt; Local workforce/less flexible</td>
<td>&gt; More aggressive sale</td>
</tr>
<tr>
<td></td>
<td>&gt; Stable → internal opportunities</td>
<td>&gt; Parochial</td>
<td>&gt; Increased services, lower prices</td>
</tr>
<tr>
<td></td>
<td>&gt; National workforce</td>
<td>&gt; Integrated with local businesses and community</td>
<td>&gt; Less protected market</td>
</tr>
<tr>
<td></td>
<td>&gt; Stronger performance focus</td>
<td>&gt; Corporate citizenship</td>
<td>&gt; Need to provide better service, but struggling to do so</td>
</tr>
<tr>
<td></td>
<td>&gt; Partnership with customers</td>
<td>&gt; Caring for customers</td>
<td>&gt; Stronger relationships with big local customers → co-ordinated planned investments</td>
</tr>
<tr>
<td></td>
<td>&gt; Geographically spread</td>
<td>&gt; Job for life</td>
<td></td>
</tr>
<tr>
<td>Workforce impacts:</td>
<td>&gt; Local recruitment</td>
<td>&gt; Creates demand for customer service skills</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; Diversity</td>
<td>– Marketing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; Total logistic solutions</td>
<td>– Sales</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; More diverse workforce as it is larger</td>
<td>– Service</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; Restructuring → workforce stress/flux</td>
<td>&gt; Demand for process improvement on basic services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; Flexible IR frameworks</td>
<td>&gt; May be decentralised and local authority</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; Deliver on career progression expectations</td>
<td>&gt; Less union influenced, and less entrenched union</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; Merger activity → mixed cultures</td>
<td>&gt; Family / generational based</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; More influential on educational institutions and Government</td>
<td>&gt; Local recruitment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; Increased demand for new capabilities</td>
<td>&gt; Difficult for new entrants</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; Marketing</td>
<td>&gt; Less mobility, shallow succession pool, less diverse workforce</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; Relationship management</td>
<td>&gt; Shallow succession pools</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; More women joining workforce → opportunities for branding</td>
<td>&gt; Creates demand for customer service skills</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; Stronger succession planning</td>
<td>– Marketing</td>
<td></td>
</tr>
</tbody>
</table>

Passenger scenarios: 'Suburban' and 'Bias Choice to Trains'.
Agreed areas of focus

As a result of the development and discussion of future scenarios for rail it became apparent that there were some areas of focus that would place the industry in a good position to maximise opportunities in the future. It was agreed by the participants of the RSCC Executive workshop that the industry would benefit from addressing the following 4 areas of focus in a unified manner.

They are:

**Industry Image**
Initiatives to address all future scenarios included addressing the industry image. Agreement was reached that it is necessary for the industry to work together to undertake activities to change the perception (particularly the external perception) of the industry.

**Training**
All future scenarios indicated changing needs in relation to skills and capabilities. It was agreed that to most effectively meet the changing skill needs of the industry, traditional and emerging skill requirements should be managed in a co-ordinated manner across the industry.

**Industrial Relations**
All future scenarios incorporated a high degree of change, both to organisations and employees through changing skills bases, working arrangements and industry image. It was agreed that a more coherent and consistent approach to industrial relations would be required to achieve the necessary changes in the future.

**Shared Data**
Throughout the duration of this project, it was evident that there was a lack of reliable industry data. All parties agreed it is critical that the industry is able to evaluate the impact and success of each solution implemented. To increase the volume of reliable quantitative industry measures, it was agreed that a data clearing house to share non-competitive industry data be established by the ARA to which the member organisations would contribute.

Characteristics and workforce impacts of future passenger scenarios

<table>
<thead>
<tr>
<th>‘Suburban’</th>
<th>‘Bias Choice to Trains’</th>
<th>‘Metro’</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industry characteristics:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; Better services</td>
<td>&gt; Integrated public transport plan</td>
<td>&gt; Congestion and disruption</td>
</tr>
<tr>
<td>&gt; New stuff (infrastructure and rolling stock)</td>
<td>&gt; System reliability / regularity</td>
<td>&gt; More pressured place to work</td>
</tr>
<tr>
<td>&gt; Caters to one-offs and special events</td>
<td>&gt; Quality of stock / new</td>
<td>&gt; Over loaded / out of control</td>
</tr>
<tr>
<td>&gt; Increased pride due to new stuff and growth</td>
<td>&gt; Customer has lower patient</td>
<td>&gt; Make new promises difficult to satisfy</td>
</tr>
<tr>
<td>&gt; Localised people in new places building a stronger local identity</td>
<td>&gt; More pressure to provide quality and service</td>
<td>&gt; Increased maintenance</td>
</tr>
<tr>
<td>&gt; New technologies</td>
<td>&gt; More accountable management</td>
<td>&gt; Risk of fines from government relation management essential</td>
</tr>
<tr>
<td>&gt; Families, youth safety issues</td>
<td>&gt; Planned environment</td>
<td>&gt; Investment in additional services (i.e. ticket machines)</td>
</tr>
<tr>
<td></td>
<td>&gt; More negative press</td>
<td>&gt; Increased terrorist attacks</td>
</tr>
<tr>
<td></td>
<td>&gt; More political</td>
<td>&gt; Innovation required to manage congestion</td>
</tr>
<tr>
<td></td>
<td>&gt; More need for services at stations</td>
<td></td>
</tr>
<tr>
<td><strong>Workforce impacts:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; Security and safety issues</td>
<td>&gt; Greater pressure on customer service</td>
<td>&gt; Pressure on station staff</td>
</tr>
<tr>
<td>&gt; Change in shift patterns</td>
<td>&gt; Integration demands increased logistics capability</td>
<td>&gt; Complaints management essential</td>
</tr>
<tr>
<td>&gt; Local recruitment</td>
<td>&gt; Management development for accountability</td>
<td>&gt; ‘Burn out’ amongst staff increased turnover</td>
</tr>
<tr>
<td>&gt; Increase in IT skills</td>
<td>&gt; Enhanced need for PR and communication skills</td>
<td>&gt; Industry image not enhanced</td>
</tr>
<tr>
<td>&gt; Staff organisation on stations</td>
<td>&gt; Need to service political capacity</td>
<td>&gt; Security issues</td>
</tr>
<tr>
<td>&gt; Increase in diversity of working arrangements (PT/FT/casual)</td>
<td>&gt; Increased training and development requirements</td>
<td>&gt; Pressure for innovation potential</td>
</tr>
<tr>
<td>&gt; Customer service training</td>
<td>&gt; Increased complaints</td>
<td>&gt; Less attractive for recruitment</td>
</tr>
<tr>
<td>&gt; Communication / training issues as more staff away from main base</td>
<td>&gt; Heavy recruitment</td>
<td>&gt; Reduced morale</td>
</tr>
<tr>
<td>&gt; Creates opportunities to tap market for females</td>
<td>&gt; Changes to shifts</td>
<td></td>
</tr>
<tr>
<td>&gt; Renewed workforce issue increased turnover?</td>
<td></td>
<td></td>
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<tr>
<td>&gt; Project based work</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; Stakeholder consultation required</td>
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</tr>
</tbody>
</table>

Agreed focus areas have been presented to the ARA Executive. The ARA Executive have endorsed taking a unified approach to these strategic objectives. Recommendations have been structured around these areas of focus.
This Organisational Risk Assessment has been constructed through consideration of the key issues that have emerged from this research project and better practice attraction and retention mechanisms. The following Organisational Risk Assessment will help you to determine your organisation’s key risk areas in relation to attraction and retention and, therefore, help to identify appropriate courses of action for your organisation to take. Place an ‘X’ in the column representing the degree to which you agree or disagree with each statement.

<table>
<thead>
<tr>
<th>Consider the following…</th>
<th>Totally agree</th>
<th>Somewhat agree</th>
<th>Somewhat disagree</th>
<th>Totally disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic Alignment</strong></td>
<td></td>
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<tr>
<td>Our organisation has a 3 year strategic plan that outlines growth, expansion, development or consolidation plans.</td>
<td></td>
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<tr>
<td>Our strategic plan includes a workforce plan that articulates our labour requirements for the future and plans to close the gap.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Our recruitment, development and retention actions are aligned with our strategic plan.</td>
<td></td>
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<td></td>
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<tr>
<td>Exit interviews are regularly conducted and the results used to inform attraction &amp; retention programmes.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Turnover amongst new employees is no higher than our average turnover.</td>
<td></td>
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<tr>
<td>Knowledge management and transfer strategies and programmes are in place and utilised.</td>
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<tr>
<td><strong>Retention</strong></td>
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<tr>
<td>Our performance management system includes discussion of long term career aspirations and planning to help achieve aspirations.</td>
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<tr>
<td>Programmes are in place to support new entrants to our workforce.</td>
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<tr>
<td>We have targeted, flexible work arrangements in place and they are being used.</td>
<td></td>
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<tr>
<td>Targeted engagement surveys are regularly run and the results are used to inform our people strategies.</td>
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<tr>
<td>Career paths are in place and staff are able to easily see what they need to do to make progress.</td>
<td></td>
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</tr>
<tr>
<td>Our training and development programme is targeted to support our strategic workforce plan.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Roles that are critical are identified and short and medium term strategies are in place to assure a pool of successors are available for them.</td>
<td></td>
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</tr>
<tr>
<td>We know what proportion of our workforce will reach retirement age over the next 5 years and are aware of their retirement intentions.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Attraction</strong></td>
<td></td>
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</tr>
<tr>
<td>Our organisation has a targeted attraction strategy.</td>
<td></td>
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<tr>
<td>We have programmes in place aimed at attracting the segments of the populations we have targeted.</td>
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</tbody>
</table>

So what does this mean?

Read below to determine what your Organisational Risk Assessment indicates about your organisation.

**Mostly green?**
You are in good shape for the future. You have a clear view of the future and the workforce you will need for it. You understand the attraction and retention issues in getting to the future and have thoughtful actions in place to address them.

**A sea of red?**
A large volume of pink or red responses indicates your organisation is likely to be at high risk of being unprepared for the future. The most critical activities for you to get in place are those associated with strategic alignment, closely followed by those that will support retention of your emerging labour force.

**Green on attraction and retention but red on strategic alignment?**
You likely have lots of activity happening that is unlikely to be strategically aligned. You are at risk of being unprepared to meet your business outcomes. The risk of limiting your return on investment is very high.

**Green on strategic alignment and retention but red on attraction?**
You understand your future requirements well and are retaining current staff but you are at risk of an unpleasant surprise when your existing workforce begins to exit in bulk.

**Green on strategic alignment and attraction but red on retention?**
You know who you need and can bring them in but can’t keep them. Your risks are of not having a prepared workforce, being swamped by the wave of exiting retirees, tarnishing a carefully built public image and getting no, or insufficient return on your recruitment investment.

**A patchy scorecard with no clear trends?**
You have some elements of workforce planning and resultant programmes in place but they are disconnected and likely to be uncoordinated. Your risk is of high investment in programmes that deliver contradictory outcomes and consequently miss your business vision altogether.


American Nurses Credentialing Center, Introduction to the Magnet Recognition Program for Students of Nursing, American Nurses Credentialing Center, Georgia, USA.


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Appendix B

Bibliography


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Deputy CEO & Manager Government Relations  
Australasian Railway Association Inc

Dr Daryll Hull  
Director  
Transport and Logistics Centre

Garry Whiting  
Manager Rail Careers  
Australasian Railway Association Inc

Michael Speter  
Executive Advisor Human Resources  
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Jenny McAuliffe  
Manager Human Resources  
Australian Rail Track Corporation

Judy Adams  
Human Resource Services Consultant  
Pacific National

Anastasia Ioannou  
Manager Workforce Planning  
RailCorp
Focus groups

Focus groups were scheduled to take place in New Zealand, New South Wales, Queensland, Victoria, South Australia and Western Australia.

This included 7 focus groups for representatives from employers and 1 focus group for representatives from unions.

Stakeholders were asked to provide representatives with both an HR policy perspective and a line management perspective and were instructed that industry image, demographic groups, job design, workforce planning and skills and training would be discussed.

- 41 employers and 4 unions were invited to have 2-3 representatives attend a focus group.
- 23 employers provided representatives to attend focus groups. The participating employers covered a range of:
  - locations
  - public and private organisations
  - sizes
  - sectors/specialisation within rail
- 1 union provided representatives to attend focus group
- Where there were insufficient participants to allow for a focus group to be conducted, interviews were held based on the focus group format.

Interviews

One-on-one interviews were scheduled to take place in New Zealand, New South Wales, Queensland, Victoria, South Australia and Western Australia.

- 10 employers were asked to provide a representative who could bring a strategic perspective of the organisation and the factors impacting their ability to attract and retain desirable employees.
- 10 interviews were conducted with senior management.
- Due to an inability to meet face to face, 3 interviews were conducted as phone interviews.

Phone Interviews

5 other rail stakeholders (these included academic stakeholders and industry bodies and councils) were invited to participate in the project through phone consultation.

- All ‘other’ rail stakeholders participated in phone interviews
- 5 phone interviews were conducted
- An additional 2 rail operators requested to participate in the project. Phone interviews were conducted with representatives from these 2 operators.

The methodology was based around the collection of qualitative and quantitative data from the Australasian rail industry using a range of different collection methods, and collecting information from a cross section of participants in the industry.

Information collected from each method, was used to challenge, validate and further explore trends and issues emerging from other methods of data collection. No conclusions were drawn from a single method of data collection.

The qualitative data collected provides perspectives from a range of Australasian operators, from a representative cross section of geographical locations and types of location, public and private organisations and sub sectors and specialisations within the industry.

Some of the quantitative data collected provides responses from a cross section of the industry in terms of geographical locations and types of location, public and private organisations and sub sectors and specialisations within the industry.

The quantitative data collected through the employee survey, provides good coverage of NSW and Victoria, but is not considered to provide a valid sample of the whole industry. This data has been used in an observational capacity to add more depth to other forms of data collected throughout the project.

Data from the Australasian rail industry was collected using the following techniques.
- Focus groups
- Interviews
- Phone interviews
- Critical measures – (quantitative data at an organisational level)
- Employee survey
- Non-employee survey (survey of individuals who are not currently working in the industry)

Key stakeholders to be invited to contribute to the data collection were agreed with the Steering Committee and these included ARA members and other rail stakeholders.

The agreed key stakeholders comprised of:
- 41 employers
- 4 unions
- 5 other rail stakeholders (including academic and industry bodies)

Other interested parties were also able to contribute and 2 additional rail operators chose to do so.

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- All ‘other’ rail stakeholders participated in phone interviews
- 5 phone interviews were conducted
- An additional 2 rail operators requested to participate in the project. Phone interviews were conducted with representatives from these 2 operators.
Critical measures
A questionnaire to collect organisational level data on attraction and retention indicators was prepared and agreed with the Steering Committee. The cumulation of this data was to be used to develop a picture of the industry’s attraction and retention data.
- 41 employers were asked to provide Critical Measure information for the 2004-2005 financial year.
- 15 employers returned Critical Measure data. These were completed to varying degrees.
- An additional 2 employers indicated they could not provide data, however, they did provide some commentary on the information requested.
- Critical Measures were returned from employers from a range of
  - locations
  - public and private organisations
  - sizes
  - sectors/specialisation within rail
Due to the varying level of completion of Critical Measures they provide a sound foundation to review attraction and retention data from an ‘all occupational groups’ perspective, however, they do not allow analysis of attraction and retention performance of different occupational groups.

Employee survey
A survey tool was developed for completion by employees.
This survey was to be distributed to employees through employers. On-line and paper-based surveys were offered.
- 43 employers were requested to distribute the survey to employees from a variety of occupational groupings, employees with varying lengths of service, demographic groups and geographic locations.
- The link to the on-line survey was also distributed through the ARA Fortnightly Update which is distributed to ARA members and is available on their web-site.
- 367 survey responses were received.
Non-employee survey

A survey tool was developed for completion by individuals who were not employed within the rail industry (including high school, TAFE and university students).

Participants for this survey were sought through a number of channels including, directly through educational institutions, educational institutions’ career counsellors, career fairs and direct e-mails to individuals on mailing lists from previous career fairs.

Despite a sustained effort and the use of various channels to seek participants, only 80 responses were received. Consequently the data obtained from this survey was not considered statistically valid or reliable and has not been included in this research.

The employee survey data is not considered to provide a statistically valid sample of the whole industry. However, the data collected does provide reasonable representation of New South Wales and Victorian regional and national services. Furthermore the data from this survey is consistent with findings from Australian and New Zealand focus groups and interviews, and therefore has been used in an observational capacity to add more depth to other forms of data collected throughout the project.
<table>
<thead>
<tr>
<th>Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alstom NZ Ltd</td>
</tr>
<tr>
<td>ARUP</td>
</tr>
<tr>
<td>Australian Logistics Council</td>
</tr>
<tr>
<td>Australian Rail Track Corporation</td>
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<tr>
<td>Australian Rail, Tram &amp; Bus Union</td>
</tr>
<tr>
<td>Australian Railroad Group</td>
</tr>
<tr>
<td>Connex Auckland</td>
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<tr>
<td>Connex Group Australia</td>
</tr>
<tr>
<td>FreightLink Pty Ltd</td>
</tr>
<tr>
<td>Interfleet Technology Pty Ltd</td>
</tr>
<tr>
<td>John Holland Pty Ltd – Rail Division</td>
</tr>
<tr>
<td>MainCo</td>
</tr>
<tr>
<td>ONTRACK</td>
</tr>
<tr>
<td>Pacific National</td>
</tr>
<tr>
<td>Pandrol Australia Pty Ltd</td>
</tr>
<tr>
<td>Planning and Transport Research Centre</td>
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<td>Public Transport Authority of Western Australia</td>
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<td>RailCorp</td>
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<tr>
<td>SCT Logistics</td>
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<td>Siemens Ltd</td>
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<td>TIMG International</td>
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<td>Union Switch &amp; Signal Pty Ltd</td>
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<td>V/Line Passenger Pty Ltd</td>
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<td>Victorian Department of Infrastructure</td>
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<tr>
<td>Westinghouse Signals Australia</td>
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<tr>
<td>Works Infrastructure Australia Pty Ltd</td>
</tr>
</tbody>
</table>
1. Critical Measures Survey

Organisation __________________________

If the data below does not relate to July 2004 – June 2005, please indicate the period the data relates to __________________________

OCCUPATIONAL GROUPINGS

> Unskilled / semiskilled workers (employees who come to the rail industry with no, or limited skills, including trainees, apprentices, drivers, rostering, train planning and controllers)
> Skilled trades (employees who bring trade skills to the rail industry)
> Professional (employees with a university degree or equivalent experience)
> Executive / managerial
> Sales and customer service

<table>
<thead>
<tr>
<th>Measure</th>
<th>Unskilled/semiskilled</th>
<th>Skilled trades</th>
<th>Professional</th>
<th>Executive/managerial</th>
<th>Sales &amp; customer service</th>
<th>All occupational groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Current number of job vacancies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruitment rate (%)</td>
<td></td>
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<td></td>
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<tr>
<td>Acceptance rate (%)</td>
<td></td>
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<tr>
<td>Resignation rate (%)</td>
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<tr>
<td>Resignation with &lt; 1 year service (%)</td>
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<tr>
<td>Resignation with 1 - &lt; 3 years service (%)</td>
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<tr>
<td>Unplanned absence (%)</td>
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</tbody>
</table>

Additional information

Organisation __________________________

> Can you identify the top 3 educational institutions you receive employment candidates from?

> In terms of number of employees successfully placed with your organisation, what are the top 3 recruitment agencies?

> What are the top 3 industries from which new employees to the rail industry come?

> From information obtained in exit interviews, what are the top 3 reasons for employees leaving your organisation?

2. Rail Industry Employee Survey

(survey was available on-line and in paper format)

1. Gender □ Male □ Female

2. Age (in years) □ 18-25 □ 26-35 □ 36-45 □ 46-55 □ 55+

3. Is English your first language □ Yes □ No

4. If you answered “No” to question 3, please specify your first language: __________________________

5a. What country/state/territory do you work in, or intend to work in?

□ New Zealand □ QLD □ NSW □ ACT □ WA □ VIC □ SA □ TAS □ NT

5b. Which of the following best describes the location in which you work?

□ Metropolitan city □ Regional town □ Remote location

6. Which of the following categories most accurately reflects your role? (You may choose more than one if applicable)

a) You gained the majority of skills for your current job after joining the rail industry (including trainees, apprentices, drivers, rostering, train planning and controllers, etc.)

b) You joined the rail industry with trade skills which you currently use in your role

c) You joined the rail industry with a university degree or equivalent professional experience which you currently use in your role

d) You are in an executive/managerial position

e) You are in a sales or customer service position

7. Current employer: __________________________

8. Years working with current employer: □ <1 □ 1-3 □ 3-5 □ 5-10 □ 10-15 □ 15-25 □ 25+

9. Years working in the rail industry: (include years with current employer and any other employers in the rail industry) □ <1 □ 1-3 □ 3-5 □ 5-10 □ 10-15 □ 15-25 □ 25+

10. How many more years do you estimate you will work in the rail industry? □ <1 □ 1-3 □ 3-5 □ 5-10 □ 10-15 □ 15-25 □ 25+

11a. Would you recommend a career in the rail industry to family and friends? □ Yes □ No

11b. Why would you, or why would you not, recommend a career in the rail industry to family and friends? (please check all applicable)

□ job security □ career opportunities □ skill development
□ pay and conditions □ type of work □ location other

12. Please indicate which of the following words/phrases you associate with the rail industry: (please check all applicable)

□ challenging □ attractive remuneration □ flexible
□ high-tech □ community focussed □ encourages diversity
□ environmentally aware □ hierarchical □ customer focussed
□ not socially responsible □ family friendly □ safety focussed
□ fun □ old-fashioned □ well-managed
□ job-tax-life □ boring □ innovative
□ bureaucratic progressive □ rewarding □ risk-takers
□ operational excellence □ poorly paid □ male-dominated
13a. In the left column, please rate on a scale of 1 to 5, how important the following job conditions are to you, using the scale: (1 = totally unimportant, 2 = somewhat unimportant, 3 = indifferent, 4 = somewhat important, 5 = extremely important).

In the right column, please rate how well you believe the rail industry would satisfy the following job conditions, using the following scale: (1 = completely dissatisfies, 2 = somewhat dissatisfies, 3 = neither satisfies nor dissatisfies, 4 = somewhat satisfies, 5 = completely satisfies).

<table>
<thead>
<tr>
<th>Importance</th>
<th>Rail Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>training/skill development</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>career progression</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>independence in role</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>variety of work</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>attractive remuneration</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>recognition for a job well done</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>non-monetary benefits</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>flexibility in work arrangements</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>work/life balance</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>job stability</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>good leadership/management</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>safety</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>availability of resources</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>good relationships with co-workers</td>
<td>1 2 3 4 5</td>
</tr>
</tbody>
</table>

13b. Rank your three most important job conditions from the list in the question above:
1. 
2. 
3. 

14. Are you seriously considering leaving your current employer within the next 12 months?
☐ Yes  ☐ No

15. If you were to leave the rail industry, what industry would you be most likely to enter?
☐ Rail  ☐ Mining  ☐ Other transport  ☐ Logistics  ☐ Manufacturing  ☐ Construction  ☐ Retail  ☐ Utilities  ☐ Healthcare  ☐ Hospitality  ☐ Other (please specify)

16. What are the top 3 reasons you originally chose to work in the rail industry?
1. 
2. 
3. 

17. Do you have any other general comments or feedback on the rail industry you would like to provide?

---

Thank you for completing this survey.
### Focus Area: Skills and training

**Capabilities:**
- Skills
- Ability
- Knowledge
- Behaviour

<table>
<thead>
<tr>
<th>Question/Issue</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>In what areas is the rail industry performing well in relation to capability development?</td>
<td></td>
</tr>
<tr>
<td>In what areas does the rail industry need improvement in relation to capability development?</td>
<td></td>
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<tr>
<td>How transferable are skills developed in the rail industry to other industries?</td>
<td>Within the rail industry (i.e. other organisations or states)?</td>
</tr>
<tr>
<td>How does this impact attraction and retention?</td>
<td></td>
</tr>
<tr>
<td>How well do current level and types of skills available in the industry meet the projected skills requirements?</td>
<td></td>
</tr>
<tr>
<td>What strategies have been considered in light of the large group of employees near retirement in the rail industry (check if this assumption is true)?</td>
<td>This may include knowledge transfer to other workers, or strategies to encourage workers to stay in employment for a longer period of time.</td>
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### Focus Area: Workforce Planning

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<tr>
<td>Australia is expected to soon be facing a nation-wide skills shortage that will affect all industries.</td>
<td></td>
</tr>
<tr>
<td>Has your organisation considered the impact of the industry skills shortage over the next 5 years?</td>
<td></td>
</tr>
<tr>
<td>If so, how has this influenced workforce planning strategies?</td>
<td></td>
</tr>
<tr>
<td>How do these workforce planning strategies impact attraction and retention?</td>
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</table>

### Rail Industry Image

Australia is expected to soon be facing a nation-wide skills shortage that will affect all industries.

- Has your organisation considered the impacts of the industry wide skills shortage? What are you doing to address it?
- Why do you think the rail industry is having difficulty in attracting and retaining desirable employees?
- What is a ‘desirable’ employee to you? (ask if different for different job groups)

- How do you think the general public perceives the rail industry? How do you know? What effects do you see from this on your employees?
  (record brainstorming responses on flipchart, ask if different for metro//regional)
- What have been the primary industry changes in the past 5 to 10 years? What impact have these had on the culture of operators?
- In your opinion, what are the top 3 reasons people are attracted to the rail industry? What are the top 3 reasons people remain in the industry?
  How do you know this?
- What are the top three reasons people are not attracted to the rail industry?

### Demographics

- What groups are under-represented in the rail industry? What barriers prevent these groups from entering the industry? (ask if different for job types, regional/metro, gov/private)

- What strategies have been considered (or are in place) to manage different generational/ethnic/gender groups across the organisation? (i.e. X, Y and Baby Boomers)

- How do gender, age and geography affect the attraction and retention of staff? (ask if different for job types, regional/metro, gov/private)
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</table>
Employers represented at the RSCC Executive workshop

The following employers provided representatives to participate in the RSCC Executive workshop.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Australian Rail Track Corporation</td>
</tr>
<tr>
<td>Australian Railroad Group</td>
</tr>
<tr>
<td>EDI Rail</td>
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<tr>
<td>Connex Group Australia</td>
</tr>
<tr>
<td>Great Southern Railway</td>
</tr>
<tr>
<td>Pacific National</td>
</tr>
<tr>
<td>Public Transport Authority of Western Australia</td>
</tr>
<tr>
<td>Queensland Rail</td>
</tr>
<tr>
<td>RailCorp</td>
</tr>
<tr>
<td>Toll NZ Consolidated Ltd</td>
</tr>
<tr>
<td>Transfield Services</td>
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<tr>
<td>Transport and Logistics Centre</td>
</tr>
<tr>
<td>V/Line Passenger Pty Ltd</td>
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