The South Australian Freight Council Inc (SAFC) is the State’s peak multi-modal freight and logistics industry group that advises both the Federal and State governments on industry related issues. SAFC represents road, rail, sea and air freight modes and operations, freight service users (customers), and assists the industry on issues relating to freight and logistics across all modes. At the time of writing SAFC was funded by grants from both the State and Commonwealth Governments (through the Agency of the State and Federal Ministers for Transport) as well as industry.

Disclaimer

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Introduction

Background

Anecdotal evidence suggests that an increase in productivity resulting from targeted training can yield a return on investment of more than 30%. Unfortunately studies definitively demonstrating these returns on training investments are rare. This can create issues for managers seeking budgetary approvals to invest in upskilling their staff as they are unable to pinpoint case studies that outline the exact financial benefits of training. Furthermore, within the transport and logistics industry the declining fiscal outlook in recent years has led to a reigning in of training expenditure.

In the past it may have been sufficient for business owners, managers and human resource professionals to spend money on training on faith and intuition alone under the assumption that it directly led to increased productivity and profits. This however is no longer the case. Project administrators have a renewed focus on ‘Return on Investments’ (ROI) and due to the lack of Australian models and case studies that illustrate the benefits of training, it is becoming increasingly difficult to justify training expenditure.

As a result many companies, including Transport and Logistics companies, may not be aware of the significant increase in their bottom line that can occur if they identify and pursue the highly profitable training opportunities that exist.

Through the SA Freight Council’s Skills and Careers management team investigations it can be concluded that a company’s bottom line is generally improved through training with positive impacts being demonstrated in the following areas:

- Safety
- Profitability / Productivity
- Morale / Increased Employee Motivation
- Customer Satisfaction
- Market Share and
- Company Reputation and Profile.

The few Australian studies that have investigated the return on training investment to an enterprise have universally promoted the positive benefits and highlighted that the financial rewards outweigh, often significantly, the associated costs of training. However, details on the actual financial benefits of training to Australian wide companies are rare, and specifics to Australian transport and logistics companies are even rarer again. Nonetheless, Doucouliagos and Sgro (2000, p.1) established that “…on the basis of the literature, it can be concluded that significant returns can be expected and these are independent of industries, ownership, structure and nature of business operations.”

While smaller operators may consider training as an expense only affordable to larger companies academic studies have highlighted that substantial returns can be achieved from skills development regardless of the size of the company or the business it is engaged in and therefore is something smaller operators should be invested in.
Furthermore McDonald and Fyffe (2001) reporting to the Australian National Training Authority claim through their research that the best performing Australian companies have a sustained commitment to training, not because higher profits allow for increased expenditure on training but rather increased expenditure on training increases profits. This underlines the importance of training to all transport and logistics companies, regardless of size. Not only does training lead to increased profits, further Australian research has found that the profitability of firms is directly related to the quantity and quality of training they provide (Blandy, 1999).

The available literature indicates that training contributes to enterprise performance, either by increasing productivity or reducing production costs, and impacts positively on other dimensions of operations such as absenteeism. It is however important to note that simply throwing money at training will not produce the desired benefits. Training design must be well planned and facilitated to fit into a company’s structure but where this is achieved significant benefits are there to be realised for transport and logistic companies.

As well as detailing specific transport and logistics case studies, due to a limited number of case studies detailing the benefits of training to transport and logistics specific enterprises, evidence on the positive impacts of training to operations similar to those undertaken by the transport and logistics industry will be utilised in this report where applicable.
Benefits of Training – Case Studies

There are limited examples illustrating the financial benefits of training for Australian and South Australian transport and logistics companies.

Nonetheless, SAFC has undertaken a literature review and engaged in discussions with selected South Australian transport and logistics companies so as to ascertain the existence of training benefits to the industry.

From the information gathered it is evident that larger organisations have a greater understanding of the benefits of training and consider it of vital importance to the efficient running of their businesses. However due to competing pressures, time constraints, cost and difficulty with quantifying the financial benefits of training information is often not analysed to any significant extent by these companies.

The following examples outline the training experiences of individual companies and are used to support the case that there are indeed significant benefits available to South Australian transport and logistics companies that actively engage in upskilling their staff.

**Aurizon**

Aurizon’s principal activities are the provision of rail transport services to the mining, minerals processing, electricity generation industries as well as carrying other bulk and containerised goods.

The aim of Aurizon’s (then operating under the name Queensland Rail) analysed training programs was to improve operational performance, and encourage train drivers to test ideas through the use of train driving simulators. The “Train Dynamics Concept Development” course was conducted over a full three day period and was designed to benefit employees through an improved understanding of train dynamics with a heavy emphasis on good train-handling. Evaluation was undertaken by comparing train drivers’ performance before and after the training program.

In evaluating the training program, four measures of performance were investigated. These were the time taken to drive the train, the fuel used, and the “draft” and “buff” forces. Two rail cars are in “buff” when they push against each other and are in “draft” when they pull against each other. Any minimisation of these four parameters would deliver substantial savings for the company.

The results as analysed by Doucouliagos and Sgro (2000) are taken from 60 drivers who had on average 8.5 years of train driving experience and had worked for Queensland Rail for 22 years. For business confidentiality reasons the actual dollar value was not detailed in the analysis with costs and benefits being represented by percentages in the study.

The results indicate that fuel usage was reduced by 6.4% and as a large slice of rail operating costs are made up of diesel fuel costs (industry average is 15%) it can be safely concluded that the financial savings are significant. For example a 6.4% reduction in fuel consumption for 20 locomotives would deliver an average annual saving of $1,280,000 to an Australian rail operator. Furthermore a 6.4% reduction in fuel consumption would have saved Aurizon $16.4million in the 2013/2014 financial year.
As both the buff and draft forces fell significantly (by 21% and 48% respectively), and these reductions will result in reduced shock to rail infrastructure and reduce maintenance costs as a result of better handling of the train, the financial benefits will also be large.

Though there was a slight increase in time taken to drive the train (0.17%), of those train drivers that showed overall improvement, half recorded a reduction in time. Of the same group (those that showed improvement) fuel usage dropped by 18%, a significant benefit to any rail organisation.

Doucouliagos and Sgro calculated Aurizon’s ROI through a cost-benefit analysis as 130 per cent. For every $1 spend on training, $1.30 was returned to the business. However this is considered a very conservative estimate as they noted that the benefits were assumed as a one-off event, rather than as an ongoing benefit (which is most likely) and thus further likely to increase the ROI.

**Costs:** Travel costs, Accommodation costs, Costs of simulator, Wages.

**Benefits:** Fuel savings, Reduced maintenance costs, Reduced workforce disruption, Reduced incidence of derailments, Reduced damage to goods, Improved safety, Better customer satisfaction.
Veolia Environment Services

Veolia Environmental Services are involved in the transport of waste across South Australia and the Northern Territory. The workforce is made up predominantly of heavy vehicle operators (83% of all employees). As heavy vehicle operators are Veolia’s key representatives to clients and the public, it was considered essential to emphasise their job importance, by providing training greater than a heavy vehicle license.

The training and skills development program was introduced in response to two identified areas of concern - productivity in waste collection operations, and safety relating to vehicle incidents. The training program, developed in consultation with a local RTO, initially included both Certificate II in Driving Operations (Medium Freight) and Certificate III in Driving Operations (Heavy General Freight). It was important for Veolia to have a third party delivering the training to help confirm the essential requirements of drivers.

The Certificates in Driving Operations were selected on the basis of providing holistic training for drivers to complete their work safely with a focus on customer satisfaction, and not just around the technical operation of the heavy vehicle.

The implementation of the training program had its particular challenges. The scale of the implementation saw the program started for 163 drivers across South Australia, at 7 regional locations and all Adelaide based sites. The training program implementation was conducted in 3 different stages: Information Sharing, Training Contract Sign-ups and Training Commencement.

The greatest challenge in implementation was directly due to the remoteness of sites that required both sign up and delivery of the training. This challenge was overcome by the close working relationship of Veolia and the training providers working together with a common purpose.

The second challenge was acceptance by drivers who had been in the industry for some time, as to the purpose and benefit of completing a Certificate II or Certificate III. This challenge was overcome in most areas by the implementation process of the program. The initial information delivered to all drivers was done via pay slips, so that all drivers had the opportunity to read and understand why this program was being introduced. The emphasis on safety and updating knowledge/skill was highlighted to all employees so that it was clear it was not a reflection on anyone’s particular driving performance. The remaining doubts and apprehension was removed by completing the staged roll-out of training. The training impact on the first participants and their positive promotion of the training they received helped create the environment where all employees were not just willing but enthusiastic about receiving the training. Veolia reported that the trainers experience in the Transport Industry as well as practical knowledge ensured that all the drivers responded and accepted the training.

Veolia found the following benefits against measured criteria of the training program:

Motor vehicle accident numbers

The positive impact Veolia’s driving training program on reduced motor vehicle accidents and property damage caused by motor vehicles has been significant. **Total vehicle related incidents has been reduced by 50%**. Veolia reported that their drivers had responded to the training both in skill set and in attitude, taking more care in the conducting of their tasks. Veolia were especially impressed with their staff’s improved judgment and operational
capabilities entering and exiting their client’s sites. The direct cost savings of Veolia’s training program can be calculated in the order of approximately $70,000.

Customer service complaints
With the inclusion of customer focused elements in the training, Veolia has seen a decline in customer service complaints. While not as substantial improvement as the motor vehicle incidents there has been a slight decline of approximately 5% of complaints received due to dispute of service on the previous year.

Cost of conducting business & Productivity in waste collection
The last two criteria have shown improvement in conjunction with each other. As part of the improvements in Veolia’s Waste Collection services, Veolia has arranged service times in a way that assists cost reductions. These changes due to legal and customer requirements as well as strategic business decisions to increase equipment utilisation have placed services in more adverse traffic conditions.

The change in times of services would on its own normally reduce productivity in waste collection due to contending with extra and sometimes peak traffic, change in accessibility to customer sites etc. but with the positive impact of the Driver Training via the Certificate III Veolia has maintained its productivity levels despite the other potentially adverse impacts in the business. Veolia reports their drivers have been able to maintain the same rates of collection and better navigate the changed traffic conditions to achieve the same customer satisfaction.

The training program implementation has driven other improvements in Veolia’s processes, particularly in the area of recruitment. Veolia’s recruitment and on-boarding process has been streamlined with the introduction of the training program. New starters are now enrolled into the driver training program during their probationary period. This means that all Veolia drivers will be skilled in all areas of operating heavy vehicles and in achieving customer satisfaction, providing benefits to the company into the future.


Benefits: Reduced motor vehicle incidents, Improved customer service, Improved productivity.
Hapag-Lloyd (formerly ANZDL)

ANZDL, now operating as Hapag-Lloyd after Hapag-Lloyd’s purchase of CP Ships, were a containerised ocean transportation service operating between Australia, New Zealand, North American and the Pacific Islands. At the time of the study ANZDL had more than 300 employees worldwide with 100 of these positions held in Australia.

The aim of their training program known as “Effective Personal Leadership” was to develop a company of ‘business people’ with a focus on the integration and linkage among staff, activities and achievement. The program therefore promoted the need for employees to master several types of business skills as well as providing latitude for personal and professional growth.

To achieve these results the program was delivered by an outside consultant and aligned to the Generic Management Competency Standards for Frontline Management endorsed by the then Australian National Training Authority (ANTA). The analysis of the returns are taken from a group of 21 Managers, including their Australian General Manager. The program consisted of 15 sessions of 2 hours each over 18 months.

To measure the benefits a pre-course evaluation was undertaken of the trainee group and business to establish objectives that relate to measurable outcomes. Due to the nature of the training that focused on management skills the costs of the training were easily identifiable but the full range of benefits were not.

A pre and post survey of trainees was undertaken with significant increases in participants’ perception of the degree to which organisational goals and objectives have been obtained post training. Nonetheless, it is difficult for a company to base return on investment calculations on perception alone, but the report’s authors looked to analyse the business improvements targeted through the Effective Leadership program reports. The targets set out were:

- Achieve a significant reduction in overall equipment repair costs (maintenance)
- Reduce storage costs to customers by streamlining storage processes (improved customer service)
- Increase staff productivity from prior years and decrease administration costs through work process simplification (improved profitability).

ANZDL trainees successfully achieved the goal of reducing administration costs by eliminating unnecessary suppliers as well as increasing Divisional Staff productivity through a work simplification process. These two benefits alone are calculated to have resulted in a 323% Return on Investment for ANZDL.

While the entire ROI may not be attributable to the training program, qualitative feedback from the trainees confirm that the program made a positive contribution to the development of their leadership skills suggesting that the training program accounted for a significant percentage.

As well as business benefits many of the trainees also believed the training improved their work and family life balance.

Costs: Materials, Facilitation time, Labour costs.

Benefits: Improved productivity through improved communication, Improved productivity of meetings, Personal effectiveness, Cost reductions through improved efficiency.
Huntsman Chemical Company

While not a Transport and Logistics oriented company, the benefits of the training program implemented by Huntsman Chemical Company are included because of their focus on safety, an area of paramount importance to transport and logistics.

After identifying its safety record as a key performance indicator, a safety program was designed and implemented resulting in a substantial reduction in the annual corporate insurance premiums for Huntsman. Moreover, management recognised that the social rate of return would also be higher since reduced injuries translate into improved quality of working life for employees.

As part of their training program 275 employees received training that showed how individual actions and behaviours contribute to accidents in the workplace. The training was delivered in 20 sessions of three hours each. The program covered a range of issues, including strategies for accident prevention, incident analysis, and the role of human behaviour in incident causation.

In order to quantify the business impact of the training program Huntsman employed the evaluation methodology as developed by Doucouliagos for the Australian Office of Training and Further Education (2000). Evidence gathered to support the benefits include before and after data on Lost Time Injuries (LTI), medical treatment cases and first aid.

Analysis of the data showed a significant improvement with LTI's (any event resulting in inability to work in at least one day) falling from 1.65 per month on average before training to 0.55 per month after training.

The key business impact for Huntsman was the subsequent reduction of insurance premiums (WorkCover premiums) paid by the company. While no fiscal benefit could be reported the first year due to insurance being paid on past years results, Huntsman was able to report a staggering ROI of 1,277% for the second year of the training program.

While the dollar value of the benefits could not be disclosed due to business confidentiality it has been revealed that the cost reduction was significant to the company and in the six figures.

Benefits: Increased safety, Reduced insurance premiums, Reduced lost time injuries (LTI) resulting in higher productivity.

TOLL IPEC

In Transport and Logistics a commonly used KPI is reduced incidents in the workplace and Toll IPEC is one company that places a heavy focus on the safety of their employees. As well as improvements to staff morale and productivity improvements resulting from a safe and healthy workforce, workplace incidents can have serious costs attached to them. One such incident in 2011 resulted in successful litigation against TOLL IPEC with the company paying out $210,000 in damages to a past employee.

While there is little to no publicly available information on the actual financial benefits of training to TOLL IPEC, anecdotal reports say TOLL IPEC, after completing one particular safety training program with 130 of their workers, had a substantial reduction in workplace incidents of over 30%. This would likely have resulted in a significant return on investment, though the actual ROI is unknown. Employee morale also reportedly increased but again this is difficult to quantify into financial results for the company.
The following training example was initiated originally to improve Linfox’s company profile by reducing their carbon emissions (the GreenFox initiative). In looking to reduce these emissions more so than up-skill their drivers Linfox investigated the development of a training program to support eco-driving.

As fuel is one of the major expenses for road transport companies any reduction in fuel consumption would have considerable financial (and environmental) benefits.

Through external training provider, the Andromeda Group, eco-driving competencies have been integrated into Linfox’s performance management system. Results from the initial test pilot of 180 drivers over an 18-month timeframe showed that staff demonstrated 14% fuel efficiency gains when individual vehicles had been measured.

A total of 826 Linfox drivers had been trained by June 2010, and whilst no information is publicly available on the cost of the training program, due to LinFox’s prioritisation and the expansion of the program over other energy reduction strategies it is assumed that the 14% reduction in fuel reported above represents a significant return on investment for Linfox.

Other eco-driving road transport examples include Monash University’s 12 week pilot study in collaboration with Blue Circle Southern Cement. This 12 week study, analysing 68 tonne B-Double trucks, showed a reduction in fuel consumption of 27% was achievable and that gear changes and brake applications could be reduced by 29% and 41% respectively with no increase in travel time.

69 drivers were trained in a number of one day training sessions each involving 8 – 12 drivers by Strategix Training group. Blue Circle noted that a 1% reduction in fuel would save them $15,000 a year. At the time of writing the pilot study had yet to be rolled out on a larger scale to further examine if a 27% reduction on fuel was achievable in day to day operations outside of the test track. If however the figures are accurate eco-driving training has the potential to save Blue Circle $405,000 per year in fuel costs.
Pacific National

Pacific National, then operating as National Rail, introduced a load securing training strategy as part of efforts aimed at reducing load shift incidents. The resulting impacts of undertaking the “Basic Freight – Load and Secure Freight” training were analysed by Moy (1999) to calculate the return on investment directly attributable to the training course.

To analyse the results the author examined:

- Monthly national load shift incident frequency and costs for the same period.

In addition:

- Supporting information was sought from regional freight load and securing experts on the effectiveness of the training implementation model and its impact on load incidents.
- Training costs were compared with indicative load shift cost savings.

Following training it was found that the rail operator significantly reduced load shift impacts which resulted in substantial cost savings. While the implementation of the Load and Secure Freight training course cannot be seen as an isolated initiative as some of the success is attributed to its integration in a comprehensive load incident quality management strategy, Moy does conclude that the training course and the use of the course implementation model have been significant in achieving reductions in load incidents.

Moy through her analysis on Pacific National reports that

- The training course and the implementation model were viewed by key personal as credible and effective because of the quality of course delivery and the perception that the training had a direct impact on regional load incident minimisation.
- As a result of cost savings achieved by reductions in load shifts the full cost of course development and delivery was recovered in five months.
- **Twelve months after course implementation the return on investment for the course, in terms of the impact on load shifts, was conservatively calculated as 239%.**

As mentioned above while training can’t be interpreted as the sole reason for reductions in load shifting, interviews undertaken by Moy strongly indicate the belief among staff that training had a direct impact on regional load incident minimisation.

**Costs:** Materials, Facilitation Time, Labour costs.

**Benefits:** Increased safety, Reduced damage to product, Increased customer satisfaction, Reduced maintenance costs.
Flinders Adelaide Container Terminal (FACT)

As the operator of South Australia’s only container terminal it is of vital importance to Flinders Adelaide Container Terminal and their customers that there is a fast turnaround and efficient movement of goods.

To achieve these standards it is important that FACT maintains a quality workforce that is well trained in the specific areas of operation. Stevedoring is a specialised skill that is not readily available in the market and therefore training is necessary.

FACT employs roughly 250 people in stevedoring, and allocates an annual training budget of around $2million. Handling around 400,000 containers a year, this breaks down as a potential $5 spent on training for every container handled or a potential $8,000 per individual a year. Naturally the terminal can make more money by using less labour loading/unloading a ship but with cost penalties and regulatory oversight of their operations it is essential that FACT maintain an efficient workforce to maintain profitability.

FACT is a recognised RTO through a license agreement with the Construction Industry Training Centre and they offer training programs from entry level (inducting approximately 16 new trainees each year) through to Forklift, Crane and Reach Stacker training all the way to skills development for upper management.

Due to the nature of the work tasks at the terminal are rotated every 2.5 hours which means employees must be well rounded in a variety of skills and positions. The financial value of training can be best understood in this example of a Crane Operator. After typically undergoing as much as 4 years of training, a new starting Crane Operator may average 18 movements an hour (loading a container from ship to wharf – or vice versa). Following training on the crane itself employees are likely to be brought up to a standard of 24 movements an hour - a 25% increase in productivity (it should be noted that FACT has since invested in two more productive Post-Panamax Liebherr cranes featuring a baseline load-rate capability of 35 containers per hour). This productivity boost is essential for a company that sells the efficient movement of freight under time constraints. Each ship has attached KPI’s that need to be met so as they minimise their port stay and continue with their journey.

FACT’s single biggest training investment to date is scheduled to be the purchase of a $1.5 million harbour crane and straddle carrier simulator. Coming from CM Labs in Canada the crane simulator will be established within a 40ft shipping container and is fully integrated with the separate straddle carrier simulator also coming from CM Labs in Canada.

Calculations provided by FACT indicate that the simulator is expected to half training time and upskill employees quicker into the operation of the harbour cranes, resulting in improved productivity.

FACT expects the simulator to have its investment returned in two years. This implies a benefit of $750,000 a year from Year 3, a significant figure that is more than a third of the entire training budget of FACT. The benefits will also increase as throughput through the terminal increases.

**Costs:** Capital costs of simulator, Wages.

**Benefits:** Improved efficiency, Quicker training times, Reduced workforce disruption, Reduced damage to goods, Improved safety.
Adelaide Airport Limited (AAL)

The People and Culture Department at AAL is responsible for the development and implementation of innovative people management strategies that maximise individual and team performances. They have a strong focus on people management, training and development as well as work health and safety.

AAL’s focus on training is considerable and in 2013 the company reported that they had 546 training events and 78 different training courses with a combined total of 3024 training hours across the company.

AAL’s focus on creating competent business people is achieved by actively undertaking three key training initiatives - their Cross Training Initiatives, their Leadership Program, as well as maintaining an Innovative Development team.

Cross Training Initiative

AAL is an ‘employer of choice’ and due to low staff turnover the ability of staff to be promoted into higher positions is limited. Selected key staff members are given the opportunity to train in tangent job functions across the business, which in addition to giving employees further opportunity to be promoted in the business, also increases trainees understanding of the whole business.

At the time of writing 18 staff have engaged in the initiative with 11 having moved into the role after training. This is a significant positive outcome for AAL but the result is one that is not easily quantifiable in dollars.

AAL’s Leadership Program

AAL select their key employees considered potential future leaders of the company to undertake their Leadership Program. Once selected, the trainees fill in AAL’s ‘180 degree’ questionnaire/assessment, answering questions on their skill levels, their ability to drive strategy and their ability to contribute to AAL’s mission and goals. They then review this with their manager who provides feedback to the employee.

A review is then undertaken to plan future individual training. This is not a short term process, and can last several years with training options ranging from short courses to degrees. In 5 years of implementation the program has resulted in 3 Diplomas of Management, 6 Certificate IVs in Frontline Management, and 3 Certificate IVs in Training and Assessment. One of the key benefits claimed by AAL is that the program “drives a culture of great leadership”.

While it is difficult to measure the benefits in terms of ROI, AAL reports that they have noticed an increase in motivation and productivity. Out of the Leadership Program trainees have developed an “Innovative Development Team”, with the trainees meeting monthly to discuss business strategies and as a result are now contributing more actively to the strategic development of the business. This increased participation and contribution from middle management is not easily quantifiable but anecdotal evidence suggests that AAL enjoys considerable benefits from their programs.

Whilst no information is available to relate ANZDL’s Managerial Training ROI of 323% to AAL’s experience, it is safe to assume training has been key to AAL managing to keep staff turnover at a low 10%, in reducing absenteeism to 2.1% and building engagement levels to 65% (“employer of choice” levels).


Benefits: Lower staff turnover, Reduced absenteeism, Leader development.
Appendix B

Results of Training

Safety

Overview

- For many businesses, worker health and safety is the number one priority.
- Reduces workplace incidents.
- Employees lacking in knowledge and skill are more likely to have an incident in the workplace. Many incidents happen because staff have not had the essential and required training for the use and handling of plant and equipment.
- Adhere to and/or maintain quality standards.

Recorded Benefits of Safety

Reduction in Load Shifting at Pacific National. ROI after 12 months stood at 239%, paid for itself after 5 months.

TOLL IPEC Safety training for Truck Drivers. Workplace incidents reduced over 30%. Source: Anecdotally – Ron Horne (TLISC).

Training to improve workplace safety performance. Reduced Lost Time Injuries and Medical Treatment Cases from 4.23 per month to 0.73 per month. Aided in reduction of WorkCover premiums which resulted in a ROI of 1,277% in Year 2. Cost reduction is in the “six figures”. Source: Huntsman Chemical Company.

Customer Satisfaction

Overview

- Customer service and best practice training can help you develop a consistent level of service.
- increased customer satisfaction leading to increased customer retention and in some cases expanded order patterns.

Recorded Benefits of Customer Satisfaction

ANZDL Management Leadership training. Reduced storage costs to customers by streamlining storage processes. No ROI given. Source: ANZDL.

Avoidance of penalties through efficient completion of contract. Mining example – At best training had a return of 250%. Source: Western Mining Company.

Competitiveness / competitive advantage - industry specific training can help you stay ahead of the competition. Source Linfox.
Productivity

Overview

- Improved operational performance overall.
- Broader outlook and an improved understanding of dynamics (cause and effect, inputs and outputs).
- Reductions in the inefficient use of time and materials.
- Increased productivity and innovation due to employees working more effectively.
- Additional skills can mean faster and often smarter ways of working.
- Improved maintenance costs for equipment, and overall operating costs for vehicles, plant and equipment.
- Less wear & tear on tyres/brakes, improved fuel/oil consumption.
- Behavioural safety is a big issue – people choosing the wrong way to do something or ignore the correct way as its quicker or easier – this leads to more incidents / near hits.

Recorded Benefits of Productivity Increases

Increase in labour productivity. Results from well planned and well managed staff training is generally considered to improve productivity by 30%. Source: Ron Horne.

Investment in simulators. Speed up training process, people working more productive. Possibility to return $750,000 a year, in savings and increased productivity. Source: Flinders Adelaide Container Terminal.

Train Driver Simulator Training. Fuel usage fell overall by over 6% and by 18% for drivers that showed an overall improvement in their performance after training. “Buff” and “Draft” forces fell by 21% and 48% respectively, and as a result rollingstock maintenance costs were reduced. After year 1 a conservative ROI was estimated at 30% and greater benefits would accrue over time. Source: Aurizon.

Training to reduce admin costs, eliminate unnecessary suppliers, increase staff productivity. Reported an ROI of 323% (Didn’t take in effect all (some unmeasurable) benefits) Source: Hapag-Lloyd.
# Increased Employee Morale / Motivation

## Overview
- Employees develop skill sets which allow them to undertake a greater variety of work.
- Increased morale and staff retention
- By offering training to your staff you can build a sense of worth and increase staff retention levels.
- Increased ability to respond affectively to change.
- Improved ability to implement and realise specific goals outlined in a company’s business plan
- Training provides an exciting career alternative for skilled employees other than management paths.

## Recorded Benefits of Increased Employee / Morale
Qualitative research implies companies who actively engage in training are less likely to lose their employees. Mercer Human Resource Consulting reports suggest cost of turnover can be equalled to anything from 50% to 150% of an individual’s annual salary. Source: Mercer Human Resource Consulting.

Studies suggest the wage effects of formal training for Australian workers is between 4% and 11% with 8%-9% being the average. Source: Michael Long (2001).

# Company Reputation and Profile

## Overview
- Attracting more skilled employees.
- By being recognised as an employer who provides greater training opportunities, as you value them enough to invest in them.
- Training also makes a company more attractive to potential new recruits who seek to improve their skills and the opportunities associated with those new skills.
- A highly trained and skilled workforce who live and breathe safety and has a high incident free workplace is a highly recognizable draw card for job seekers and potential new business.

## Recorded Benefits to Increased Company Reputation and Profile
Adelaide Airport ran an extensive staff training and awareness campaign to improve energy ‘habits’ and to reduce electricity used throughout the airport’s facilities. Adelaide Airport becoming the first Australian capital city airport to achieve Level 2 accreditation from the Airport Carbon Accreditation programme for managing and reducing carbon emissions. Source: Adelaide Airport Limited.
There are a variety of tools available to help individuals and companies in their efforts to plan their skilled workforce needs. Creating a skill workforce plan does not have to be a time intensive exercise.

A workforce plan requires forecasting your business’s growth, direction and deciding on the right strategies to attract, develop and retain employees. A workforce plan need not be over-complicated but to develop sufficiently requires data on existing employees age, skill sets, time in industry and an understanding of any current workforce issues. This will help an employer get a better understanding of their current capabilities and capacities as well as aid in forecasting their future employment and training needs.

Importantly, as training is often wrongly neglected as an unnecessary or unaffordable expense, it is essential to identify the risks of not putting appropriate measures in place that addresses either current or future skill gaps.

The following links below have been adopted from the South Australian Government’s Skills For All: Employer Resource Kit (2012), a booklet designed to help businesses prepare a simple workforce plan using the often used My Business Workforce Plan template. The links provided are helpful in helping an employer identify skill gaps and identify training initiatives that will future-proof your business.

While the list is not exhaustive, these tools include:

- **Skills Connect** offers workforce planning resources including some templates to help you develop a plan [http://skillsconnect.gov.au/home/workforce-development-and-planning/workforce-planning-documents/]

- **Skills in the Workplace** provides government funding and subsidies for skills urgently needed by South Australian industries and enterprises [http://www.skills.sa.gov.au/for-employers-business/funding-for-training].

- **The Workforce Wizard** helps with workforce planning by creating up-to-date workforce information in reports and data tables. You can create your own reports, and compare information on different industries, regions and occupations [http://stagingskillsforall.cdaadev.com.au/for-employers-business/planning-your-workforce/workforce-wizard]


Finally, deciding on a training program that addresses skill gaps or increases productivity, safety etc. does not have to be a time consuming task. Making contact with a local RTO that specialises in your industry is an ideal first step. RTOs can provide your company with strategies to address your areas of concern and can often provide help in availing of government-funded training where available.
Funding for Training

There are a number of nationwide programs that enable businesses or individuals to access full or partial funding towards their training costs. For the SA Transport and Logistics industry the South Australian and Federal government provide the two main sources of external funding for training.

State Government
Since 2012 the South Australian Government’s Skills for All initiative has provided funding to pay for Certificate I to Advanced Diploma qualifications. Under Skills for All, eligible students (which cover most South Australians) may be entitled to subsidised or fee-free courses through Skills for All providers. Qualifications at certificate level I and II are fully funded which means there are no course fees (there may be some incidental fees).

Qualifications at Certificate III level and above are partly government funded and students or businesses will be expected to pay a course fee as well as any relevant incidental fees unless the course is identified as a Priority Course. Priority Courses have been identified for their strategic importance to the State. The Priority Course list is updated frequently so check [http://www.skills.sa.gov.au/](http://www.skills.sa.gov.au/) to see if your identified course is listed as a priority.

For those looking at how to go about accessing subsidised or free training Skills for All has an Infoline that can provide further information. They can be contacted on 1800 506 266. It may be useful to have undertaken a Workforce Plan as outlined on the previous page to first understand your training needs.

Federal Government
The Federal Government too provides training funding assistance to business. The Federal Government website [www.business.gov.au](http://www.business.gov.au) is an online resource which, among others, details available federal funding initiatives for training.

Currently the Federal Government is providing training funds through the new $476 million Industry Skills Fund – Growth Stream. The Industry Skills Fund is a key element in the Australian Government’s Industry Innovation and Competitiveness Agenda and is to provide up to 200,000 training places and support services over four years.

While Transport and Logistics has not been identified as a priority industry, T&L businesses often have operational overlaps with other industries such as advanced manufacturing, mining, food and agribusiness – all of which are included on the list of priority industries. Businesses need apply to access funding, and will need to demonstrate how their application meets certain criteria. One of which includes how the proposed project will address critical skills gaps or shortages, and allow the business to be more competitive for an identified growth opportunity. Again completing the previously outlined Workforce Plan will aid this process. For more information on the fund see [www.business.gov.au](http://www.business.gov.au) or call their dedicated business service on 13 28 46.

Identify Funding Opportunities
Outside of making contact with the state and federal departments responsible for their training initiatives, getting in touch with a local Skills for All training provider can be a good place to start. They will likely be able to discuss in greater detail your exact skill requirements and discuss if there are any funding initiatives that can be applied for. To search for a course and training provider in your area you can utilise the ‘Find a Training Provider’ tool from [www.skills.sa.gov.au](http://www.skills.sa.gov.au).

The Transport and Logistics Industry Skills Council (TLISC) is available to assist transport and logistics organisations with their workforce development and planning activities. They may be able to pinpoint funding initiatives that can reduce the cost of training to transport and logistics organisations. See [www.tlisc.org.au](http://www.tlisc.org.au) to find out more details.
References

For further information contact the South Australian Freight Council on admin@safreightcouncil.com.au, telephone (08) 8447 0635 or see www.safreightcouncil.com.au