



The Future of Transportation Work:

A SUMMARY REPORT - PART ONE

by DR JIM STANFORD AND MATT GRUDNOFF as adapted by WA Transport Magazine. // Centre for Future Work at the Australia Institute

INTRODUCTION

Transportation is a crucial part of the Australian economy, generating significant benefits that are shared across all sectors and regions. Transportation is also an important employer: occupying 625,000 Australians and generating above-average earnings. However, work in this sector is poised for dramatic change in the years ahead – partly because of technology, but also because of other factors (such as rapid evolution in the organisation of work and the nature of employment relationships). It is the responsibility of all stakeholders in

transportation to prepare for that change – to manage it, minimise its costs, and maximise its benefits.

Recognising both the inevitability of change in the industry, but also the importance of preparing for it (rather than simply reacting to it), TWUSUPER recently engaged the Centre for Future Work at the Australia Institute to prepare a composite research report on the implications of technological and workplace changes for the future of work in transportation. This summary highlights the key themes and findings of that larger work. For more details and references, please consult the full report, *The*

Future of Transportation Work: Technology, Work Organization, and the Quality of Jobs, available at: www.twusuper.com.au/the-future-of-transportation-work/

THE ECONOMIC IMPORTANCE OF TRANSPORTATION

Australia is a vast land, rich in resources, with a relatively small population concentrated disproportionately in a few cities and regions. It is not surprising, then, that transportation plays a vital role in Australia’s economic and social development. Today transportation services, broadly defined, contribute over \$80

billion per year to national GDP (or around five percent of total national value-added), constitute a major and essential input to other industries and sectors, purchase another \$80 billion worth of inputs and supplies from other sectors, and constitute Australia's ninth-largest employer. Table One summarises the overall economic importance of transportation to Australia's economy.

Table One

The Economic Footprint of the Transportation Sector

(2016 or most recent year)

Indicator	Value
GDP (value-added)	\$80 billion
Total sales	\$175 billion
Employment	625,000
Wages & salaries paid	\$45 billion+
Average earnings	\$75,000/yr.
Exports	\$7.3 billion
Taxes paid	\$25 billion+

Source: Authors' calculations from ABS Catalogues 5206.0, 5368.0, 6291.0.55.003, 6306.0, 6202.0.

However, this direct footprint does not constitute the full extent of the economic importance of transportation. We must also consider the indirect impacts of transportation for other sectors of the economy. Two broad categories of inter-sectoral linkages must be considered:

i. **"Upstream" Linkages:** The transportation industry purchases many goods and services from other sectors, as inputs to its own activity. In aggregate, transportation providers buy over \$80 billion of Australian-made goods, materials, machinery, and services from other sectors every year: equipment and vehicles, fuel, construction, research and professional inputs, and a myriad of services. In sum, transportation supports more than one dollar

of Australian-made goods or services produced in other sectors, for every dollar worth of value-added production undertaken by the sector itself. These purchases provide an important source of demand that spreads throughout the broader economy – to all sectors, and all states.

ii. **"Downstream" Linkages:** The importance of transportation services to other parts of the economy also extends "downstream," to the myriad of other industries which use transportation as an input to their own production. Without reliable, quality transportation those other industries would suffer considerable losses of production, value-added, efficiency, and reputation. The provision of high-quality, reliable transportation services is thus essential to ensuring continued productivity, profitability, and employment in all parts of the economy.

A final aspect of the economic importance of transportation is the flow-through effect of personal spending by transportation workers (whose incomes equal over \$45 billion per year), and reinvestment by transportation firms in new equipment and facilities. This re-expenditure of incomes from transportation work provides an important source of purchasing power in the national economy.

In the June edition we will look at employment in the transport industry



To read the full report visit:
www.twusuper.com.au/the-future-of-transportation-work/

WA Transport Magazine thanks TWUSUPER for making these important findings available to our readers. Over the next six editions, the key findings and recommendations will be published 'highlighting' the challenges and uncertainties facing the future of transportation work in Australia.

We start with 'where' the Australian transport industry stands at present with regard to economic importance and as a national employer to the challenges our industry will face that will exert a powerful but unpredictable influence on transportation services, and transportation jobs, in the future. These challenges include accelerating technological change and the changing nature of employment relationships.

'Preparing for change' will give readers six sets of pro-active measures through which transportation stakeholders could prepare to minimise the costs, and maximise the benefits, of the coming disruptions.

The overwhelming evidence of the report is that demand for transportation services in Australia will continue to grow relatively strongly – faster than population growth and the economy as a whole.