

Submission to the Australian Government's Agricultural Competitiveness Green Paper 2014

Issue: Pathways for Agriculture Education and Training

From: Malcolm Long

INTRODUCTION

The argument of this submission is that there is a significant and specific need for advanced education and training in agribusiness innovation and entrepreneurship for our agriculture sector. At the end of the day, as the Green Paper stresses, it is farmers and farm organisations that need to make business decisions that will make them profitable and competitive. Government can, however, create a policy framework and undertake strategic support initiatives that materially assist in that regard. A national institute which provided education at the most advanced level and in the explicit context of agribusiness innovation and entrepreneurship could be a very worthwhile initiative in support of the sector.

Exceptional, vigorous leadership at the highest level of agribusiness innovation and entrepreneurship is required if agriculture is to achieve its goals. There is only a relatively small number of people in our entire business community at any one time who possess these skills to an advanced degree. Very few of them currently work in or are being attracted to agribusiness. Why? Put simply a career in the agriculture sector appears too hard for most. The family-based and somewhat inward looking cultures of traditional farming, the climate dependence of producers, the rigidities within and between the many separate silos of production and the complexities of local and global markets are just some of the reasons why entering agribusiness as a career seems a daunting task. As a contribution in the education chapter of the Green Paper points out *'agriculture careers are still wrongly portrayed as unattractive'*.

In reality, of course, the agriculture sector is a key strand in Australia's economy with many exciting opportunities in fast-growing regional markets. The sector can offer fascinating challenges and significant rewards in core contemporary business activities like:

- production and processing with new technology
- producer organisation and corporate structuring
- risk management
- vertical and horizontal business integration
- capital attraction, formation and structuring
- cross-sector linkages
- national and international branding, positioning and marketing.

In all of these areas innovative thinking and entrepreneurship can have significant, long lasting impacts. Unless agribusiness can attract, nurture and

then deploy more of our young and exceptional business innovation and entrepreneurial talent to work on these and related challenges, the sector will not achieve its goals.

How might this be achieved?

This submission argues that a National Institute for Agribusiness Entrepreneurship, using the intensive education and training methods that have been markedly successful in some other sectors facing global competition could, over time, have a game-changing impact.

The mission of such an institution would be to attract, develop and then feeding into agribusiness a stream of young business people who have the potentially to be exceptional leaders, innovators and entrepreneurs in the sector.

A NEW PATHWAY IN AGRICULTURE EDUCATION

Australia has an extensive education and training framework for farmers and those wishing to pursue careers on the land. Courses range across secondary school, VET, tertiary education and mid-career training programs provided by a myriad of institutions.

Overwhelmingly the current agriculture education framework, whether in agricultural science or agribusiness or (as is often the case) a blend of both, is mostly focused on providing education for students who are farmers or wish to become farmers or are interested in the management of agriculture-related organisations, product marketing or research in agricultural science or economics.

The Green Paper sets out a range of significant current and proposed initiative designed to extend the effectiveness of this framework, which is appropriately focused on overall capacity building in agriculture. It is designed to both sustain the sector and support its incremental development through relevant and effective education and training for that range of individuals who because of family tradition or personal interest see their futures on the land or in some associated activity.

However, the proposed National Institute for Agribusiness Entrepreneurship would have a somewhat different purpose. It would be specifically designed to attract a proportion of the limited number of highly talented and motivated individuals who emerge from our educational institutions each year who are looking for unusual and exciting business opportunities and who are highly likely to innovate and lead successful change in whatever industry segment they embrace.

Currently, as outlined above, they are almost certainly *not* thinking about applying their talents in agribusiness. Merchant banking, funds management,

property, media and digital product and services are just some of their preferred areas of interest.

It is very important that agribusiness attracts more of these new talents, develops their understanding of the sector, nurtures their exceptional business instincts and, then, introduces them into the industry with the highest expectations of their success.

Unlike the current framework a National Institute for Agribusiness Entrepreneurship would not be an exercise in mass agricultural education or a provider of advanced postgraduate learning for those who have strong scholarly capabilities in a specialist field of academic study in agriculture.

The Institute would be focused on a particular cohort of young people: those emerging from the education system, from various disciplines, showing promise of truly exceptional leadership, innovation and entrepreneurial capabilities who, with the right program, might be attracted to agribusiness.

The Institute is unlikely to be based in an existing VET or tertiary education institution. It is likely to have a relatively small student body and a very high staff/student ratio. Its strongest stakeholder relationships would be with agribusiness itself. Its students would be selected with great care using the techniques of talent scouting along with rigorous selection methods. Its courses would be immersive, demanding and built around learning by doing, case studies, industry networking and practical problem solving.

Crucially, such an Institute would *sell* the agricultural industries and agribusiness to its prospective students: exceptionally gifted young people with strong business talents who may have no current connection with or to this point shown much interest in a career in agriculture.

Such an Institute would provide an addition dimension to the current agricultural education sector. It would add diversity to the sector by providing the opportunity of advanced training to a cohort of young people from a range of educational strands who can be attracted to agribusiness because of its potential as an arena for business innovation and entrepreneurship. If the Institute were to achieve this it would usefully add to the educational pathways in the sector, an objective endorsed in the Green Paper.

A SUCCESSFUL METHOD FOR ADVANCED TRAINING

Australia is good at creating specialist national institutions that provide advanced education and training in professions facing complex change and intense global competition.

Three long- standing examples are: The Australian Institute of Sport, The Australian Film Radio and Television School, and The National Institute of Dramatic Art. They share a common method for advanced, highly focused

professional education and training outside the educational mainstream that has been exceedingly successful. Following this method, these institutions:

- actively promote the professional sector they serve: developing the narrative of its importance for the nation and showcasing its potential as a worthwhile career choice
- vigorously scout for talent, apply tough selection processes based on merit and induct exceptional students from across the nation
- employ immersive training methods that are heavily based on industry-based “learning by doing”
- engage staff and contributors who are themselves successful practitioners to intensively mentors students,
- encourage constant networking and engagement with the working industry, and
- engender high expectations that their graduates will be exceptional performers and leaders in the profession they serve.

A number of other institutions in different sectors now embrace aspects of this approach for sector specific learning at an advanced level. The Australian and New Zealand School of Government in Melbourne is an example in the field of public sector management.

There is every reason to believe that a well designed institution offering an advanced program of education and training in agribusiness innovation and entrepreneurship could be effective for the agriculture sector.

(The relevance of the AIS, AFTRS and NIDA to education and training challenges in agribusiness is explored further in the ATTACHMENT to this submission.)

STRUCTURE AND RESOURCES

The establishment of an Institute for Agribusiness Entrepreneurship would need financial support from both public and private sources. Government policy support for the initiative would be crucial. An appropriate funding arrangement with government would reflect this commitment and provide core financial stability.

However, strong support from the agriculture sector and its constituent enterprises and related organisations would be important too. The sector should regard the Institute as a key strategic asset worthy of reliable ongoing support. Also, much of the expertise and other material needed in education and training at the Institute would come from current agriculture and agribusiness players and their goodwill would be necessary to provide these resources.

Institute students would need access to relevant government tertiary education funding support programs and if the Institute is to attract

exceptional students based on merit it will need maintain an extensive scholarship program.

The Institute should probably be established independent of any existing higher education organisation or university. Ideally it would be a self-accrediting tertiary educational institution possessing appropriate governance and academic structures to support that status. Such independence would help ensure that the Institute is fully industry facing; that its entire mission is to serving the working agriculture sector and its needs. At the same time, while independent from others, the Institute would want to foster strong working relations with existing agricultural education institutions and be able to draw on the expertise within them.

This proposal envisages a relatively small (though high-impact) entity. It would be unlikely to have an intake of more than 20–30 students each year. The physical accommodation and running costs of such an organisation would be relatively modest although, because of the intensity of its program and small student numbers, teaching and student support costs would be high compared to those in existing more broadly based educational institutions.

CONCLUSION

At the end of the day it is exceptional individuals and their ideas that will bring the most positive changes and enduring strategic developments to Australian agribusiness. This important sector for our nation's future deserves to have working within it a fair share of the brightest and most energetic business innovators and entrepreneurs that we produce.

Currently, too few of our most gifted young business people are seeking careers in agriculture. A highly focused talent development pathway in addition to our current more general agricultural education and training framework may well have a significant impact on addressing this problem.

Australia has shown success in establishing such highly specific industry training institutions in the past. Perhaps it is now time for agriculture to adopt such an approach, through the timely establishment of an Institute for Agribusiness Entrepreneurship.

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ATTACHMENT

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The unfulfilled potential of Australian agriculture

By Malcolm Long

Australia's just-concluded Free Trade Agreement with China highlights yet again the enormous opportunities that exist for Australian agriculture in both the fast-developing Asian region and beyond.

But there remains lingering questions about whether the sector is able to take full advantage of these opportunities?

The mid-year McKinsey report, *Compete to Prosper*, identified agriculture as our prime candidate to be a winner in the hyper-competitive world markets of the future. However the report pointed out that, despite its huge potential and the rapidly growing demand for its products, agriculture overall has been actually losing market share to international competitors.

Australian agriculture, argued the Business Council-commissioned report, possesses 'intrinsic competitiveness' based on enormous capacity and relative strong productivity. It has key competitive advantages in the form of know-how, experience and endowments that are hard for other countries to replicate. And yet the sector's recent performance in the global marketplace has been patchy.

So what needs to be done?

Over the past year there has been a renewed effort to identify those factors that must be addressed if agriculture to realise its huge potential.

The McKinsey report itself identified the professionalization and scaling-up of farm enterprises, together with a stronger orientation towards exports, as key factors.

The National Farmers Federation has been working on a project that goes much wider. Its *Blueprint* report, drawing on extensive consultations with farmers and other industry players, has identified seven themes needing attention from both farmers and governments. They cover innovation and research, technology and rural communications, trade and market access, climate variability, investment attraction, workforce planning and the public perception of agriculture.

The Australian Government is also preparing a white paper on agricultural competitiveness, due by the end of this year. An initial issues paper released in February identified nine areas for investigation.

But these valuable reports look mostly at large processes and trends, insufficiently recognising one measure that could make a big difference: the recruitment of more *individuals* with high entrepreneurial and innovation skills into agribusiness.

The transforming power of exceptional individuals is often overlooked in strategies for industry development. If agriculture is to reach a new level, more skilled-up, high-performing, sometimes maverick, lateral thinkers and dealmakers will need to be let loose: passionate and energetic people who, beyond agricultural expertise, can recognise new business opportunities in the sector and make them happen.

Perhaps there simply aren't enough Graham Turners (Flight Centre), Andrew Bassats (Seek), Ruslan Kogans (Kogan.com), and David Teoh's (TPG) in agribusiness. The sector seems to have chronic difficulty in producing or attracting enough of these kinds of people.

Australian tertiary institutions have traditionally offered undergraduate and postgraduate courses in agriculture (including agribusiness), but enrolments have been sinking and some courses have closed. Reversing this trend is rightly identified as an important task for the industry.

But should agriculture now also act outside the education mainstream. Maybe it needs to establish a high-performance national agribusiness incubator designed to attract some of our brightest and best young business talent, intensely focused on generating a flow of potential game-changers who can help make our agriculture a global winner.

In fact Australia already has a great track record with this kind of strategy in two very different sectors, performing arts and sport. In both, new levels of excellence were sorely needed but hard to achieve. In response, thoughtfully structured, purpose-built schools were set up from scratch. They were the National Institute of Dramatic Art (NIDA), the Australian Film, Television and Radio School (AFTRS) and the Australian Institute of Sport (AIS). Each has a remarkable record in produce high-achieving alumni who have made key contributions to transforming their sectors.

The post-war era was a challenging time for theatre in Australia. We were bombarded with the cultural products of more powerful English language voices, with little ability to fight back. NIDA, established in 1959, led the charge in overturning our cultural cringe, producing actors and other theatre professionals who could capture and present a distinctive Australian sensibility. Audiences enthusiastically respond both here and overseas.

A similar challenge re-emerged in the early 1970s. The cultural power of Hollywood was well and truly swamping our television and cinema screens. We now had the actors but where were the Australians with the complex skillsets and entrepreneurship to make films? AFTRS was designed to fill that void. Its graduates have made very many of the seminal Australian films and

TV series that over the years since established Australia as an internationally respected producer of unique screen productions.

After a distinguished record as a sporting nation for most of the 20th century, winning a bag of medals at every Olympics, Australia suffered a brutal decline at the Montreal Olympics in 1976. Australia won only five medals, one silver and 4 bronze. Clearly something had to be done. In 1981 the AIS was opened in Canberra. Its impact was almost immediate. In the 1984 Olympics Australia's medal tally jumped to 24, including four gold. By 2000, at the Sydney Olympics, Australia won 58 medals, including 16 gold. Australia has delivered a credible medal performance at every Olympics since. The work of the AIS continues to be central in achieving these results.

These home-grown, industry-specific talent development institutions share a potent method. They vigorously scout for talent, apply tough selection processes based on merit and induct exceptional students from across the nation. Their immersive training methods are heavily based on "learning by doing"; staff that are themselves successful practitioners intensively mentors students; there is constant networking and engagement with the working industry.

Needless to say, this highly personalised, hothouse approach to training is expensive. It requires generous public and private investment to run the institutions and provide scholarships for students. Sure, they offer training to an elite, but an elite chosen on merit. When students graduate it is not just a *hope*, it is *expected*, that they will do well. The impact many then make in their chosen professions is truly profound.

Is it time for Australian agribusiness to look towards the establishment of an elite national school too, committed to exceptional talent development but sitting outside our existing, more traditional, agriculture education institutions? A National Institute for Agribusiness Innovation and Entrepreneurship to incubate exceptional individuals to work in the industry and help agriculture achieve its potential for our nation?

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