

Agricultural Competitiveness White Paper Submission - IP334
Food, Fibre and Timber Industries Training Council
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SUBMISSION

Agricultural Competitiveness Issues Paper

Submission made by email to: Agricultural.Competitiveness@pmc.gov.au

Introduction to the Food, Fibre and Timber Industries Training Council

As a not-for-profit incorporated body, the primary purpose of the Food, Fibre & Timber Industries Training Council (FFTITC) is to provide advice to Government on behalf of industry, and ensure all nationally recognised training programs and packages reflect the current and future needs within the industries.

Funded by the Western Australian Department of Training and Workforce Development, the Food, Fibre & Timber Industries Training Council (FFTITC) has three core functions:

1. Taking a leadership role in promoting training to industry, including partnerships between industry and the training sector.
2. Supporting innovation and workforce development.
3. Providing forward looking advice to State and Commonwealth Governments on training needs and priorities for public funding.

The FFTITC engages with Western Australian industry, training and government stakeholders in a variety of ways. A primary means of communication and liaison is via the council's six industry advisory groups. These industry advisory groups service the following industry areas:

- Rural production
- Food and Beverage processing and manufacturing (including seafood)
- Horticulture, conservation and land management
- Animal care and management
- Furniture, forest and forest products
- Textiles, clothing, footwear and allied services

When dealing with national industry training and workforce development issues the FFTITC works closely with the three Industry Skills Councils that cover the Australian food, fibre and timber industries; Agrifood Skills Australia, ForestWorks and Manufacturing Skills Australia.

Summary of questions (by Issue Paper Section number) addressed in this submission:

1. **None**
2. **Farmer decisions for improving farm gate returns**
 - *What are the drivers and constraints to farmers adopting alternative business structures, innovations or practices that will assist them in improving farm-gate returns?*
 - *What tools, skills and advice do farmers need to effectively adapt and respond to the risks they face?*
 - *How can new farmers be attracted to agriculture and how can they succeed?*
3. **Enhancing access to finance**
 - *What would encourage uptake of new financing models?*
4. **None**
5. **Enhancing agriculture's contribution to regional communities**
 - *What impact does the growth of populations in regional centres and the decline in more rural or remote townships have on farming businesses and the agriculture sector?*
 - *How do we attract the next generation of farmers?*
6. **Improving the competitiveness of inputs to the supply chain**
 - *What skills including specialised skills and training, will be required in the future and how can these be delivered and uptake encouraged?*
 - *How can we attract workers to agriculture – particularly in remote areas?*
 - *How can we promote career pathways for the agriculture sector, including models to enable younger farm workers to gain broader industry experience?*
7. **None**
8. **None**
9. **Assessing the effectiveness of incentives for investment and job creation**
 - *How well is the current set of government programmes and incentives directed at the agriculture sector meeting their objectives, in terms of both effectiveness and efficiency?*
 - *Are government visa arrangements and programmes like relocation assistance, the Seasonal Worker Programme and Harvest Labour Services effective at channelling workers into the agriculture sector and what other approaches should be considered?*

Responses to Issue Paper section questions:

2. Farmer decisions for improving farm gate returns

- *What are the drivers and constraints to farmers adopting alternative business structures, innovations or practices that will assist them in improving farm-gate returns?*

The current funding of vocational training places a strong focus on traditional trades and full qualifications. This recognises the training needs of many industries, however in the Agrifood industry, full qualifications are often not the prime training needs.

In consultation with industry, skill sets or incremental building blocks are a more attractive option to industry. A Skill Set is a group of accredited and national endorsed competencies that have been designed for a specific job function or to meet a legislative requirement(s). A person who has a particular need for a 'package' of skills would undertake a Skill Set. The person could then build on that Skill Set with one or more building blocks and then acquire, over time, a full qualification.

While this 'building blocks' approach to Skill Set acquisition is considerably more flexible for industry, and would dramatically increase VET participation, the current VET funding models don't support this method of delivery.

It is essential that public funding be maintained for the VET sector and increased investment is required to ensure that industry has a skilled workforce. If potential funds are limited, it is essential the foundation skills (literacy and numeracy, job work-ready, training for equity groups) be fully funded with higher level qualifications possibly being funded by the user; with income-contingent loans being available.

Also, as much of the agricultural industry is located in rural and remote locations, the funding model doesn't adequately cater for the problems of thin markets. Thin markets are a prime concern of the Food, Fibre and Timber Industries Training Council as they affect the agricultural industry significantly. Thin markets make it difficult for Registered Training Organisations to deliver training to a small group of students in locations that require (frequently, considerable) travel. The funding simply doesn't support the cost of delivery.

Both the Commonwealth and State Governments recognise the role that Industry Skills Councils and State Advisory Bodies have in vocational training in respective industries. The Commonwealth Government funds organisations such as Agrifood Skills Australia and the Western Australian government funds the Food, Fibre and Timber Industries Training Council.

These organisations play an important role in promoting vocational training for the agricultural industries as well as providing advice to governments on the training and skill needs of industry. They enable a cohesive national and state approach to skill development.

It is remiss that there are not similar organisations (or planned changes to the remit of the current VET organisations) to provide the same role for higher education. There are no organisations

advocating a national higher educational agenda. There are no organisations working with industry to ensure that higher education meets its respective skill needs.

There needs to be a national policy (with subsequent investment) that increases organisational capabilities in workforce development. Funds that encourage middle and upper management of organisations to gain skills and understanding of the importance of workforce development are essential.

During consultation for the FFTITC Industry Workforce Development Plan a strong theme became apparent; the need to build business capability in the agricultural industry for workforce development, including the need to:

- Provide funding for specific workforce development activities such as assistance with the development of job descriptions, human resource policies, training plans.
- Identify 'good practice' in workforce and skills development for industry and encourage mentoring/sharing of ideas between businesses.
- Facilitate workshops/training sessions that discuss workforce development strategies, e.g. job redesign, work/life balance, staff rewards.
- Provide advice to small businesses on how to improve flexibility for their workforce and provide practical examples including job share arrangements, flexible leave arrangements, and child care provision.

The Food, Fibre and Timber Industries Training Council also supports increased funding for initiatives such as Enterprise Connect and workforce development initiatives such as skills audits, training needs analysis and training in areas such as competitive manufacturing and leadership training.

- *What tools, skills and advice do farmers need to effectively adapt and respond to the risks they face?*

In 2013 the FFTITC participated on the Agrifood Skills Australia Project Reference Group for the development of a Farm Business Management Skill Set. The focus of this project was the Skill Set to provide farmers and farm business managers with practical business planning skills. This will assist to provide a nationally consistent approach and outcome for the development of business management skills, while also allowing for flexible delivery to support the incremental learning culture of the industry.

Concurrently, governments have recognised the role of such skills in helping farmers to better manage risks and prepare for future challenges, such as drought and an increasingly variable climate, and to assist them to maintain long-term economic viability. One of the two outcomes* of the [Intergovernmental Agreement on National Drought Program Reform](#) is to ensure 'primary producers have an improved capacity to manage business risks'. The final design of the Farm Business Management Skill Set ensures that primary produces have the skills to meet this outcome.

To assist implementation of the Farm Business Skill Set investment in development of training resources is critical.

Recommendation: The Commonwealth Government invests in development of training resources for the Farm Business Management Skill Set.

3. Enhancing access to finance

- *What would encourage uptake of new financing models?*

Development of financial management skills is essential to ensure that the agricultural has adequate access to finance – assisted by a solid understanding of new financing models.

Following the development of the Farm Business Management Skill Set (see above) subsequent more specific Skill Set development will be in the areas of financial management and strategic planning. Access to this training will be essential to ensure industry uptake of new financing models.

Recommendation: The Commonwealth Government supports development and delivery of specific Farm Business Management Skill Sets in the areas of Financial Management and Strategic Planning.

5. Enhancing agriculture's contribution to regional communities

- *What impact does the growth of populations in regional centres and the decline in more rural or remote townships have on farming businesses and the agriculture sector?*

There is a general misunderstanding (and subsequent undervaluing) of the value of the agricultural sector to regional and remote communities. These communities exist (in most instances) because of the initial establishment and continuing support of the agricultural sector. Other industries – including resources and tourism - benefit from rural and remote community services that would not exist if not for the agricultural sector.

Recommendation: State and Commonwealth Governments invest in research into regional economic reach (and benefit) of the Australian agricultural sector.

- *How do we attract the next generation of farmers?*

Attracting more young people into industry is a priority in all regions. Vocational Education and Training in schools (VETiS) is a key workforce development strategy. Western Australia's agricultural colleges deliver the majority of VET in schools for the primary sector and there has been some concern from industry about the college's move from rural programs to more trade related programs. Industry has stated the importance of students having access to 'real industry' and that teachers have current industry exposure.

Several of the recommended strategies in the Food, Fibre and Timber Industries Training Council Workforce Development Plan, addresses these areas:

- To work with the school sector to ensure adequate access to industry information and promotion of careers in all industry sectors
- To work with career service providers to ensure adequate access to industry information
- To encourage the development of a training culture by improving career path opportunities
- To promote apprenticeships and traineeships to industry, including flexible options and keep industry advised of training developments in their industry, including new apprenticeship and traineeship opportunities;

Recommendation: State and Commonwealth Governments increase linkages between primary and secondary school curriculum and the agrifood sector. To complement there needs to be significant investment to develop pathways from middle school to senior school VETiS.

6. Improving the competitiveness of inputs to the supply chain

- *What skills including specialised skills and training, will be required in the future and how can these be delivered and uptake encouraged?*

At many points on agricultural value chains skills and training is needed in:

- business and risk management
- financial management
- people management
- lean manufacturing

Also, technological development, particularly in areas of precision agriculture and food development (including manufacturing and advanced packaging) is occurring at a tremendous rate. Traditional VET funding and delivery models simply can't keep up with this pace of change.

Skill Sets delivery is the best way for most of the value chain to access training in these and other areas of skill development.

Funding mechanisms that encourage delivery of relevant, customised and just in time training delivery are essential.

- *How can we attract workers to agriculture – particularly in remote areas?*

In general, the primary sector has difficulties in attracting and retaining its workforce. With a large proportion of the industry outside the metropolitan area there is an issue of limited access to Registered Training Organisations (RTOs) because of thin markets. Individuals and enterprises are increasingly looking for flexible entry level and advanced skill sets. However, there are concerns that the current funding system does not support this.

It has been stated that the industry suffers from a lack of training culture and an undervaluing of skills development for its workforce. Marketing and promotion of the industry is seen as a priority, so too is the need to sell the benefits of training. There is also a strong need to work with career organisations and schools to promote careers in the primary sector.

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- To work with career service providers to ensure adequate access to industry information
- To encourage the development of a training culture by improving career path opportunities
- To promote apprenticeships and traineeships to industry, including flexible options and keep industry advised of training developments in their industry, including new apprenticeship and traineeship opportunities;

Recommendation: State and Commonwealth Governments develop suitable policy and funding mechanisms to support and service Agricultural sector thin markets in regional and remote Australia.

- *How can we promote career pathways for the agriculture sector, including models to enable younger farm workers to gain broader industry experience?*

In 2011 the Food, Fibre and Timber Industry Training Council (FFTITC) conducted a project designed to identify ways to improve career development services in high schools. This project looked at how career development services were being delivered, what was working and what could be improved.

The main findings of the project were:

- There is a lack of co-ordination of career development services across the public secondary school sector in Western Australia.

- There is a high variability in experience and qualifications of providers of career development services in all secondary schools in Western Australia.
- Generally, schools do not have a strong professional training culture when it comes to (up) skilling career development service providers.
- There are a wide range of delivery methods used by schools.
- There is a wide range of information and advice sources used by school leavers.
- Within the services offered by schools there are comparatively few that are considered useful by students.
- Both students and schools rated one on one / individual counselling as a preferred method of career development service delivery.
- There is a very real need for quick to access, simple to understand, accurate and up to date careers information. To be effective, this information must be well marketed.

From an industry workforce development perspective it was apparent that the arrangements for school based career development service delivery are far from optimal.

Recommendations from this project ranged from the relatively simple (and inexpensive) evaluation and updating of online careers information to more organised (and time intensive) engagement with existing school based career development activities and initiatives.

Although students frequently stated they wanted more information either on courses, a specific occupation or how to find a job, there were no direct requests for more printed and other hard career resources. There was no preference for the format of information – it was just important that it be easy to access.

For reference, the project report can be found here: [Improving Career Development in Schools: A perspective from the Food, Fibre and Timber Industries Training Council of WA](#)

9. Assessing the effectiveness of incentives for investment and job creation

- *How well is the current set of government programmes and incentives directed at the agriculture sector meeting their objectives, in terms of both effectiveness and efficiency?*

Commonwealth funding initiatives such as the National Workforce Development Fund (NWDF) have, encouragingly, allowed for accredited Skill Set funding but with a pre-requisite for a certificate III qualification. This model does nothing to address the critical workforce development challenges of industries employing, through necessity, a large transient and variably literate labour base.

The co-contribution model of the NWDF has been a major deterrent to industry uptake of the programme. Co-contribution levels of 30% are too high for many businesses in the agricultural sector. To increase participation and gain benefits from increase productivity and value adding

that come from up skilling the Commonwealth Government should restructure the contribution from industry.

Recommendation: The Commonwealth Government remove impediments to funded workforce development and skilling initiatives such as the previous Government's National Workforce Development Funding.

- 1. Industry co-contribution (if retained) should be significantly reduced.**
- 2. Prerequisites of VET qualifications or prior education should be removed from funded programmes aimed at engaging and skilling the agricultural sector**
- 3. Skill Set funding must be a priority for industry skilling programmes and initiatives.**

- *Are government visa arrangements and programmes like relocation assistance, the Seasonal Worker Programme and Harvest Labour Services effective at channelling workers into the agriculture sector and what other approaches should be considered?*

Increased resource industry activity, an ageing agricultural workforce and the exodus of young people to larger regional centres exacerbates the shortage of labour in the agricultural industry.

Labour shortages in the Agricultural sector can have several impacts; they:

- prohibit some enterprises from continuing any normal operation
- restrict breadth of normal operations
- restrict expansion of normal activities
- inhibit development of new production opportunities

Consequently, with WA exporting over 80% of its agricultural production, labour shortages have major economic impact.

For those businesses still able to operate, albeit with minimal staffing levels, long working hours result in marked reductions in productivity.

Eligibility criteria for occupations to be included on state and Commonwealth skill shortage lists means that shortages in labour and skills are unlikely to be addressed by such mechanisms as skilled and unskilled migration programs. For example, calculations for eligibility heavily weighted in favour of total employment numbers and employment growth mean that for agriculture (where consolidation of ownership and labour pool contraction are key features), the ability to address crippling workforce development issues through migration is minimal.

The reliance of Government on an outdated, unwieldy and inaccurate ANZSCO coding system which matches poorly with census employment statistics further compounds this problem.

For more information or clarification please contact:

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