



Some Key issues for Agriculture and Horticulture

Primary Industry growth is increasingly being constrained by a serious lack of skilled people at all levels.

The workforce demographic for the Primary industry has a massive age imbalance, with some 55% of the workforce aged over 55 years. This is very disturbing and without a firm and effective policy any potential growth is already under threat. The greatest impact of the aging factor will be felt from 2018 onwards and possibly as early as 2017.

Having a skilled workforce is central to the effective functioning of the industry. However, it is quite unlikely that the industry will be able to effectively function over the next decade without a clear and enunciated strategy to deal with the issue.

It is not the only concern of course but by any measure Australia's Food and Fibre Production industries have not received anything akin to the favoured status of some other sectors especially automotive, defence and mineral resources. Of special concern is the lack of any realistic support for the industry other than drought relief and some small regional subsidies.

Considering the essential status that this industry has in feeding our population and the dominant position it holds in State exports (over 50%), one would expect that it might have had a strong and supportive framework through national policies. In fact there are virtually no national policies to support the industry in terms of dealing with regional population loss (especially amongst younger age cohorts), no regional population attraction policies and virtually no policies to improve regional infrastructure to attract and retain people.

Despite the industry being largely ignored by State and National Governments it has continued to display the highest productivity growth of any industry sector due to its very high level of innovation, a culture of adaptability and the increasing use of technology.

The skill transformation that has followed new farming systems, innovation and farm aggregation has found Governments wanting in terms of any reasonable level of support either for maintaining current production levels or increasing production.

Now the industry is increasingly having to rely on migrant labour for most permanent and seasonal positions as they are unable to secure anyone from the domestic labour market. The situation has become even more farcical as there are tens of thousands of under-employed young people in careers that do not offer long term job security as well as numerous unemployed people who could benefit from working in the industry.

What is clear is that the industry has transformed itself and is continuing to transform in the face of a myriad of challenges. The dominance of the family farm is still evident but increasingly the farms

are getting bigger, more intensive and more vertically integrated. There will still be a place for the small family farm but there is likely to be much fewer of them in the coming decade. With about one third of farms mostly uneconomic, it is projected that within ten years the industry will have more collaborative farming operations and more corporate style farms across the nation. With a wide variety of market and regulatory forces impacting upon the industry, the job roles of workers have fundamentally changed but the recruitment, career promotion, financial incentives and regional support systems have not.

The key workforce issues we must collectively consider are:

- The disturbing long term impact of the workforce demographic in the food and fibre production industry
- The urgent need for serious reform of the ANZSCO to reflect actual industry job roles and skills as specified in several key industry reports that have urged reform
- Very poor outcomes from the National VET system and a lack of priority skills provision to the industry
- A poor regional development focus that largely ignores primary production and focusses on attracting new industries.
- Extremely poor targeting of migrant skills to areas of need, especially rural occupations and a continued pre-occupation with deployment of migrants to major urban areas
- Poor skill recognition arrangements for Skilled Migrants who could be working in the Primary Industry sector
- Serious access issues for primary industry enterprises having to recruit migrants at a number of levels and with fixed high labour costs.

The context for industry is:

- Increasing competition for skilled labour globally and also in the national workforce that is forecast to shrink until 2025
- A primary industry market that demands an immediacy of skill need and seamless supply arrangements which are not being met by current Government policies
- An environment of continuous change impacting on skills at all levels, but especially management
- An almost total lack of action in delivering on the Karpin Report recommendations for managers and with the withdrawal of Farmbis which has created a major gap in supporting upskilling of managers
- A real lack of any primary industry career education or promotion for urban and rural jobseekers resulting in jobseekers choosing alternative careers often with under-employment outcomes.
- Higher costs associated with employment of migrants, especially 457 Visa holders who are increasingly the only skilled labour available

1. Skilled Migration Requirements

1. Urgent review of ANZSCO with direct Industry involvement (Review Team) especially for employer sponsored visas in the agriculture and horticulture sectors
2. Adoption of formal industry recommendations on occupations, job roles and skill levels by the ABS, the DIPB and DEEWR in advance of a complete ANZSCO Review (Initial Review Team activity)

3. Removal of the TSMIT in the 457 Visa Program in favour of market salary rates in a revised 457 program (wage parity)
4. The Regional 457 Visa Program to include certain skill level 5 occupations (similar to the Canadian Seasonal Agricultural Program)
5. Review Ministerial Direction 53 – Genuine Temporary Entrant requirement for VET students
6. Implement post study work rights for international students in the VET sector or provide an ability for VET graduates to access a Revised Regional 457 program
7. Prepare a Discussion Paper on the creation of an economic migration program in regional/low population growth areas and where GDP is less than the national average
8. Improve direct industry input into a continuous review process of the skill migration system through the formation of a National Review Team comprising key national and State industry bodies involved in Skills and Migration

2. Training Requirements

There are two main priority areas, entry level programs and upskilling.

The provision of adequate entry level skill programs is an important issue given historically low numbers of young people entering the industry. The industry really has two main entry requirements, basic operator level with potential for advancement and higher level entry (University and VET) mostly for scientific, higher technical and professional roles.

In the past few years most Australian Universities have closed their Ag Science programs creating major shortages of agronomists, soil scientists etc whilst at the operator entry point, training providers (RTO's) have struggled to attract sufficient numbers of students.

It should be stressed that one of the main issues is a lack of resources to develop effective material for school students and unemployed people to make informed career choices. The almost constant acceptance of the doom and gloom mentality promulgated by the industry itself as well as industry observers does not help, but this itself is also a symptom of neglect by Governments in not trumpeting the industry and its achievements in the context of an essential national industry status.

At a State level, funding for VET has been ill directed towards declining industries and to create an over-supply of lower priority skilled workers in other industries leaving the Primary Sector as a poor cousin. Part of the problem is also a lack of an adequate weighting in the provision of funds to RTO's operating in remote and often very thin markets. Naturally RTO's are in business and need to make a profit from their courses so they will cherry pick the programs that provide a return irrespective of the actual training need.

Despite a national skill council network which tends to operate in a fairly centralist mode, actual skill demands in State specific situations are more important to manage at a State level by State based industry training advisory and funding bodies.

The best example of this was the Farmbis Program that ran very successfully for the industry for some eight years until the first Rudd Government shut it down leaving a significant training gap across the industry.

Re-introducing a State managed Farmbis style program or a hybrid that encompasses much of the highly successful New Zealand model is seen as the way forward in dealing with the wide array of skill needs that the industry currently has.

It should also be stressed that the industry has a large service sector component covering a wide array of services. In recent years some of these sectors have experienced significant labour and skill depletion, especially mechanical support areas (Diesel Mechanics) and Truck Drivers.

The importance of these losses cannot be underestimated. We are already seeing some crops not being harvested for a lack of semi drivers or mechanics. As the average age of regional truck drivers is increasing along with the average age of farmers, the situation regarding sufficient labour resources is becoming critical.

While all manner of plans can be prepared for increased food and fibre production, without the people there will be no industry and no production. It remains the number one rate limiter for the industry.

3. General Recommendations

- 3.1 Establish State based Industry Skills Councils to gather intelligence on skill demand and fund (with industry) prioritised training to meet skill demand in line with workforce development projections.**
- 3.2 Adopt a cross portfolio approach based upon a new Essential National Industry classification to drive all policy in support of primary food and fibre production (tax, regional development, transport, fuels etc).**
- 3.3 Support State industry skill bodies to develop relevant career information for all State/territory schools and all career advisory elements.**
- 3.4 Provide a HECS subsidy for all Ag Science University programs to increase the supply of tertiary trained people in Agriculture and Horticulture. A percentage figure of around 75% would attract a significant number of students away from generic environmental programs that have become the flavour of the decade.**
- 3.5 Implement new entry level programs targeted at school students with a subsidised work experience component (to cover travel and accommodation).**
- 3.6 Re-introduce a new Farmbis model with an industry managed funding component akin to the New Zealand model. (The New Zealand model is a performance based funding model tied to actual industry skill demand)**
- 3.7 Dramatically improve migration outcomes for the industry in line with section 1 of this brief. This will improve supply in the critical period between now and 2018 when new domestic labour market measures will not be able to deliver sufficient skilled personnel.**
- 3.8 Establish a national regional development framework that incorporates strengthening regions through improved regional business learning centres, improved logistics and more direct support for rural investment.**
- 3.9 Consider an active decentralisation program to support new regional city development and improve regional services and infrastructure that can better support .**