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Australian Workforce  
and Productivity Agency

Agricultural Competitiveness Taskforce  
Department of the Prime Minister and Cabinet  
PO Box 6500  
CANBERRA ACT 2600

Dear Taskforce

The Australian Workforce and Productivity Agency (AWPA) welcomes the opportunity to provide a submission to the Agricultural Competitiveness Issues Paper. AWPA is an independent statutory authority which advises the Australian Government on the nation's current, emerging and future skills and workforce development needs.

AWPA's submission is based on its *Food and beverage workforce study* released in October 2013. The study was chaired by AWPA Boardmember Dr John Edwards, and was developed in close consultation with relevant government, industry, union and education stakeholders. The study's reference group included members from the Department of Agriculture, Forestry and Fisheries, Agrifood Skills Australia, the National Farmers Federation, and the Australia Food and Grocery Council.

The *Food and beverage workforce study* found that Australia's agrifood industry—including both agriculture production and food processing—is in transition.

Agriculture remains one of Australia's most productive industries and food and beverage processing is now our largest manufacturing sector in terms of employment. While Australia's agriculture output continues to rise and contribute significantly to exports and the food and beverage processing sector is growing, the industry faces significant challenges. The reality is that with limited potential to grow domestic markets, the future lies in us finding new customers in rapidly growing and highly competitive Asian markets. To realise these opportunities the agrifood industry needs to attract skilled workers to both increase productivity and develop new export markets in the Asian region.

Growing skills will require attention and focus as, currently, less than 40 per cent of workers in agriculture and fishing, and 45 per cent in food processing, have a post-school qualification, compared to Australia's all-industries average of 62 per cent. Increasing the skills and adaptability of the food industry workforce, which has relatively low skills compared to the workforce as a whole, will require major changes in the attitudes and practices of the industry. The study finds that to meet future demand the agrifood workforce needs training to develop higher level skills: entrepreneurial leadership, management, mentoring, and risk





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- establishing an agrifood career promotion strategy, to raise the profile of agrifood careers and attract new skilled workers
- developing and using the skills of the existing workforce
- encouraging more employers to invest in training
- increasing industry involvement to ensure education and training is industry-relevant
- increasing the diversity of the food workforce, by encouraging underrepresented groups into the industry.

To view the full recommendations of the *Food and beverage workforce study* visit the AWPA website at [www.awpa.gov.au](http://www.awpa.gov.au).

To date AWPA has progressed recommendations of the report by commissioning two research projects they are : a project aimed at developing articulated career pathways within and across sectors (piloted on the meat, horticulture and food manufacturing sectors) (Recommendation 2) and a project which provides case studies and methodology for firms to demonstrate the return on investment from agrifood training (Recommendation 7). Both projects' reports and accompanying workforce development tools will be made available to relevant stakeholders shortly. The information at [Attachment A](#) draws on relevant information from the AWPA *Food and beverage workforce study* to address a number of the specific questions raised in the Agricultural Competitiveness Issues Paper relating to skills, education and training and workforce development. I trust this information will be considered in the process of developing the Australian Government's Agriculture Competitiveness White Paper.

Please contact Ms Sue Beitz, General Manager, AWPA secretariat [REDACTED] if you have any queries about this submission or the AWPA *Food and beverage workforce study's* recommendations.

Yours sincerely



## 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 AWPAs *Food and beverage workforce study* (Food Workforce study) points to a number of drivers changing farming business practices in Australia which can lead to innovative practices and improved productivity. These include changes in the ownership structure of farms, with increased consolidation and corporatisation. This can lead to both vertical integration with agriculture supply chains, and increased use of agricultural services, such as independent marketing, management and agronomy advisors. These drivers are positive in their positioning agriculture business to benefit from the opportunities emerging now and into the future from new export markets – especially Asian economies to our north where the number of people with middle class incomes are set to increase from 1 to 3 billion by 2030 years.

In order for the agriculture industry to achieve this growth potential, the skills base of its workforce and its ability to innovate is critical. As the AWPAs Food Workforce study suggests:

*If Australia is to make the most of the opportunities ... [it must put] in place strategies to ensure Australian producers and processors have the skills, knowledge and capabilities to take advantage of opportunities. Key skills required include leadership, management, mentoring, risk management and the ability to translate research and development into business processes along the supply chain.*

*It is apparent that a new approach to skills and workforce development is required, one that focuses on pathways across the supply chain. Also needed is increased involvement of the industry in education and training provision, including through a greater focus on work-integrated learning. (AWPA, 2013, p. 14)*

The above approach points to the importance of an industry supply chain approach to ensuring farming businesses are best placed to improve returns. This is a multifaceted approach to improving farm businesses and access to new innovations or practices. There are examples already in the farm sector where this approach is being applied in conjunction with industry association and research and development corporations, such as Dairy Australia's 'People in Dairy' program. This uses industry levies to support sector wide farm management and employee skills and workforce development initiatives (AWPA, pp. 109-110). Importantly, the People in Dairy initiatives have elements that are applicable to other farm sectors' approach management and workforce issues.

The Food Workforce study finds a key constraint to the uptake of best practice is the lack of coordination and leadership so as to ensure other farm sectors can also benefit from innovative practices (see AWPAs, pp. 115-117). This study's overarching recommendation is to invest the workforce development agenda for the industry in a single national coordinating body representing industry, governments, employee representatives and the tertiary education sector. This will provide leadership on skills and workforce development across the agrifood supply chain, and provide advice to government on policy priorities in education, training, skills, employment and workforce participation in the food industry.

The coordinating body would be a forum for high-level engagement between stakeholders in the Australian food industry and would provide a leadership role in skills and workforce development, including ways to ensure that the industry has the skilled workforce required to make the most of the opportunities that will arise from unprecedented growth in global demand for food in the coming decades. It would also help address the current fragmented nature of industry advice to government on skills and workforce issues for the industry.

The remit of the coordinating body would include considering and implementing the recommendations from this study, which can be viewed as suggestions for the body's initial work program. The coordinating body would work closely with stakeholders to implement the study's recommendations, including AgriFood Skills Australia, industry peak bodies, employee representatives, the education and training sector and relevant government agencies.

- What tools, skills and advice do farmers need to effectively adapt and respond to the risks they face?
- What alternative actions or measures by governments, farmers or others would result in improved financial performance at the farm gate?

AWPA notes that as part of the Intergovernmental Agreement on National Drought Program Reform 2013 includes a national approach to farm business training (Issues Paper, p.13). It is understood that the approach is to be based on the development and roll-out of one or more farm business skill sets. Governments are working with AgriFood Skills Australia and key members of the farming and training sectors to develop the new skill sets. It is expected they will include a mix of relevant business skills and draw on the Farm Planning Program, which was trialled as part of the pilot of drought measures in Western Australia. Each state and territory is responsible for its own arrangements to encourage the uptake of the new farm business skill sets with new arrangements to be in place by 1 July 2014 (AWPA, p. 130). This should make available training for farmers to better inform their business practice and risk management skills.

The Food Workforce study recommends (recommendation 5) a number of existing Australian Government initiatives be extended to the food production and processing businesses, such as the Enterprise Connect business advisory network coupled with the Skills Connect program. AWPA believes there should be closer links between existing government programs to ensure that businesses receive holistic support and that workforce and skills advice is integrated with broader business advice. These services should be tailored to the needs of each business, with a focus on its maturity and how it can move to the next stage of development.

The Enterprise Connect Food Network is a specialised national group, bringing together business advisers with the expertise and networks to assist businesses in the food and beverage processing sector. The program offers eligible businesses a free, comprehensive and independent business review to help them reach and transform their potential. Enterprise Connect has helped to build lasting capability and address gaps for large numbers of SMEs in the manufacturing sector (including food where there are opportunities for value-adding and exports). The program has helped to build lasting capability and address gaps for large numbers of food manufacturing businesses, which do not have their own in-house business performance and or research and development capacity. Part of this recommendation flags the use of the Australian Government National Workforce Development Fund (NWDF) program funding to support initiatives identified under these programs (AWPA, pp. 126-128).

The Food Workforce study also found the business case for investment in training at the enterprise level appears to be poorly understood by many employers in the agrifood industry. To address this, AWPA commissioned a practical research project which builds a body of evidence to demonstrate the return on investment (ROI) experienced by firms across the agrifood supply chain (refer to recommendation 7). The project through case studies of agrifood businesses training experiences establishes the conditions under which the ROI in skills and workforce development can be quantified and maximised. An output of the project will be a practical decision-making tool hosted on a dedicated website that agrifood businesses can use to identify the costs, benefits and incentives from their investing in skills training and workforce development.

In addition, the AWPA study recommends (recommendation 8) that Agrifood Skills Australia develop a workforce advisory service, similar to that offered by other Industry Skills Councils Service such as Skills Australia and Manufacturing Skills Australia. At present a gap exists that could be addressed by firms having access to independent workforce development advisers who can provide assistance with workforce planning and strategy development, including training options that support the firm's business strategy. Advisers could assist both enterprises and regional /industry clusters with workforce planning and development (AWPA, pp. 137-140).

- How can new farmers be attracted to agriculture and how can they succeed?

, Attraction and retention of farmers, both farm manager and farm workers, is a key issue the AWPA's Food Workforce study addresses. The need to attract new farmers to the industry is made evident from the analysis of trends in the farm workforce. For example:

- the agriculture workforce age profile is significantly higher than other industries, which are also ageing. 2012 ABS data shows the median age of workers within the Agriculture, Forestry and Fishing industry is 48 years, which is considerably older than the median across all industries (40 years), and with larger proportions in the 55 years and over categories, particularly the 65 years and over cohort (AWPA, p. 50);
- the agriculture workforce by definition is rural, either regionally or remotely located, and historically subject to the migration of young people to urban areas (AWPA, p. 33);
- the majority of agriculture businesses are family owned, although this is changing (AWPA, p. 24); and
- there are prohibitive capital costs of entry into a farming (AWPA, p. 51).

The projected rate of exits from the agriculture industry is expected to accelerate given the high age profile of the agriculture workforce, and farmers in particular. AWPA scenario projections to 2025 show the occupations Livestock Farmers, Production Managers, Crop Farmers, and Livestock Farm Workers have the highest number of job openings, with the majority of these created by replacement demand rather than by new job growth (AWPA, p. 80).

Succession planning for existing farm businesses is critical. This may lead to consolidation or new farm business models, such as the use of dedicated farm managers as opposed to owner-occupiers. The increased mechanisation of farming processes and application of technologies, such as remote satellite controls, will all be increasingly important to both meet the projected undersupply of farmers but also attract new farmers with new skills.

Attracting new farmers, whether retaining existing family farm members or new entrants to the industry, needs to be premised on their having higher skill levels and qualifications to meet the new skill demands of farm businesses. Attracting 'tree change' second career people to farming which bring skills and capital with the support of using smarter farming technologies and services is also increasingly seen as an option (AWPA, p. 51).

Formal training and education offerings that support farm businesses and specific types of farm operations are available across Australia's education framework. This spans from agriculture related subjects in the school curricula (supported by Government commitments to teacher education and the syllabus), the Vocational Education and Training (VET) in Schools program, general VET as outlined in the Agrifood Skills Training Packages, and through various university courses. These offerings and their trends in student commencements and completions are outlined in the Food Workforce study (AWPA, pp. 56-68).

Recently specific initiatives to increase agriculture and agribusiness graduates are reported to have reversed the decline in student enrolments, up by around 15 per cent in the last year according to the Australian Council of Deans of Agriculture.<sup>1</sup> This demonstrates a successful response to undersupply through the demand led for tertiary education system. AWPA's report includes recommendations (2 and 3) around increasing industry, education and government coordination of information around career pathways and highlights a range of successful case studies illustrating this (see AWPA, pp. 117-123) .

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<sup>1</sup> Osborne, Graham, "Boom times for agribusiness", *Sydney Morning Herald*, 5 February 2014, available at <http://www.smh.com.au/national/tertiary-education/boom-times-in-agribusiness-20140205-320pn.html#ixzz2tjq20pn9>

## 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?

The AWPA Food Workforce study highlights a number of initiatives that look at developing the strengths of regional workforces through cross-skilling for different sectors. For example, Agrifood Skills current Agrifood National Regional Initiative (ANRI) project funded through the National Workforce Development Fund is piloted on the earlier 'Make it Work' program in Narrabri. This focussed on the local government and key stakeholders developing training relevant to multiple industries in the Narrabri region. The intention of training programs such as this is to develop regional workforces equipped to meet seasonal workforce demand for different agricultural commodities, whilst also being positioned to work in other industries as needed, such as the mining industry.

Coordinated workforce planning and development between employers within regions and surrounding areas is a key to implementing this strategy. Access to a workforce advisory service and better information around career pathways within regions can assist in this planning process. Regions should then be better positioned to develop a flexible workforce with the skills to support its employers.

- How can the agriculture sector best contribute to growth in jobs and boost investment in regional communities, including indigenous communities?

The success of the agriculture sector in specific regional communities is, as identified above, assisted by the coordination of regional government and business targeting their workforce needs. Working planning and development includes the identification and development of career pathways which can assist the supply of a skilled workforce within regional communities. The response above outlines initiatives identified in the AWPA Food Workforce study in how this is being achieved on a practical level.

In relation to the inclusion of indigenous communities in regional employment outcomes, AWPA's Food Workforce study recognises that indigenous people are a valuable resource and as they are often regionally or remotely located offer great synergies for agriculture business engagement. AWPA therefore recommends the provision of adequate and targeted training and skills to maximise indigenous participation, based on resource sector initiatives (see recommendation 13) (AWPA, p. 139).

- How do we attract the next generation of farmers?

See responses above under question 2.

## 6. Improving the competitiveness of inputs to the supply chain

- How can land, water and other farm inputs be more effectively deployed to better drive agriculture sector productivity, while maintaining or enhancing the natural resource base?

Further to the points raised above, 'other farm inputs' include the human capital component to better drive agriculture's productivity levels. This includes areas such as marketing and technical/scientific knowledge to better understand and deal with the challenges of the natural resource base. The Food Workforce study looks at ways to increase the supply of skills to the agriculture workforce, including agriculture and environmental science disciplines. These contribute to the key agriculture research and development capabilities offered by bodies such as the CSIRO, Rural Research and Development Corporation and Cooperative Research Centres. AWPA's study examines recent trends in levels of financial support to these bodies, and also changes to State Government

extension services and the increasing role of private providers, especially in areas such as agronomy (AWPA, pp. 44-45).

An important role historically in extension services and other industry based research is the transfer to farmers of relevant information, often at no or minimal cost. This historically has been an important competitive advantage to increase Australia's levels of agriculture productivity. RD&E is an important element to maintain into the future as is the quality of private sector advisory services (see AWPA, pp.132-133). To this end AWPA notes the Australian Government has provided an additional \$100 million funding for the Rural RDC (Issues Paper, p. 3).

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

AWPA's Food Workforce study undertakes an analysis of historical trends in agricultural production and its relationship with employment. This analysis finds that between 1977–78 and 2010–11, the volume of farm output more than doubled at an average annual rate of 2.1 per cent. Despite these increases in production the use of inputs in broadacre agriculture contracted by an average annual rate of 0.9 per cent. The use of labour declined faster than other inputs at 2.1 per cent per annum. Employment in all agriculture contracted by 11 per cent between 2006 and 2011, at an average annual rate of 2.1 per cent. In the medium and longer term, agricultural production is projected to continue expanding. The index of farm production is projected to be 8.2 per cent higher in 2017–18 than in 2012–13, while the real value of production is projected to be 77 per cent higher in 2050 than in 2007. If, as the modelling has suggested, the projected production increases will be driven mainly by increases in productivity, there would be limited prospects for employment in agriculture to increase. However, as factors driving productivity will include increases in farm size and ongoing capital deepening, technology will become more sophisticated and further increase the skill levels required of the workforce in agriculture. Productivity growth depends on the ability of farmers to effectively manage new technologies, and this ability will be underpinned by the continued development and maintenance of skills in the agricultural workforce (AWPA, p. 77).

The Department of Employment project a decrease for the Agriculture, Forestry and Fishing industry by a further 13,500 (or 4.2 per cent) over the five years to 2017. This reflects a continuation of the industry's long-term decline in employment share, as well as the continued investment by the industry in labour-saving plant and equipment. Subsectors with the highest projected employment growth are Nursery and Floriculture Production, Agriculture Support Services and Aquaculture.

In terms of the types of specialised skills and training that are projected to be needed, this is determined by factors such as projected trends in occupations. In the near term to 2017, the Department of Employment project employment of Farmers and Farm Managers is expected to fall by 7.4 per cent per annum to 2017. The professional and technical /trade occupations are expected to continue to grow over the five years to 2017, with the exception of Agricultural and Forestry Scientists, Chemists, and Food and Wine Scientists, and Agricultural Technicians, and Agriculture, Forestry and Horticulture Operators, which are projected to experience employment declines (AWPA, p 78; see also p. 179 for details).

In the longer term to 2025, AWPA's scenario projections show employment growth across all scenarios for occupations such as Livestock Farmers, Production Managers, Agricultural and Forestry Scientists, and Aquaculture Workers (AWPA, p. 79). In terms of total job openings from both employment growth and net replacement demand, under all four AWPA scenarios, the occupations Livestock Farmers, Production Managers, Crop Farmers, and Livestock Farm Workers have the highest number of job openings to 2025. This is attributable primarily to the age profile of the industry workforce, with the majority of current workers aged 45 years or older (AWPA, p. 80).<sup>2</sup>

<sup>2</sup> Note the AWPA report includes an analysis of occupational supply and demand balance for the above occupations, which includes reference to the most relevant field of education / course of study for each occupations and the proportion estimated to hold the relevant qualification and also work in that occupations (see pp. 84 to 93; and also the AWPA *Food and beverage workforce issues paper: Statistical appendixes*, 2013, May, Appendix E).

This analysis, although indicative, was tested through stakeholder consultation with relevant industry and education and training organisations. The qualifications most suited to each of the occupations in demand provide an indication of the skills and specialised training required into the near future.

In relation to the question of how can education and training to the above occupations best be delivered and student uptake encouraged, the AWPAs report provides a number of recommendations to assist this process – some of which are flagged above (refer to AWPAs study recommendations).

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

As mentioned above in relation to regional employment initiatives, there are examples of regional workforce development plans like the ANRI aimed at addressing the workforce requirements of agriculture and other industries. Regional workforce plans should also take into the consideration the needs also agriculture business located in adjoining remote areas and be catered for by the regional agriculture workforce and services.

, Employers should be encouraged to work with people already located in remote areas. This may include indigenous communities who should be supported to engage in agriculture businesses assisted by targeted skills training.

In addition, there are a number of options available to the agriculture industry to draw on migrant workers, either skilled or unskilled. These are discussed in more detail below (see AWPAs, pp. 68-71).

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

The AWPAs Food Workforce study has a major focus on better developing and promoting career pathways in the agriculture sector (see reference to recommendations 2 and 3 above).

A lack of identified career pathways across the food supply chain is a key factor inhibiting the attraction and retention of workers. In the past, occupations have been defined, and education and training products developed, based on specific job roles or narrow sectoral approaches— with little focus on core /transferable competencies and capabilities that can facilitate pathways and retention within the broader agrifood supply chain.

This study has also identified a general lack of awareness among employers about available training opportunities and a reluctance in many sectors to invest in skills and workforce development strategies.

To support this recommendation, AWPAs has commissioned a practical research project to build a capability framework for key occupations (current and emerging) across the food supply chain. The framework is intended for use by agrifood industry firms, advisers and brokers to identify the future (desired) workforce skills profile mapped against existing units of competency from national training packages. This provides a tool to help identify pathways within and between the sectors that can be promoted to new entrants and existing workers. This framework will allow jobs and competencies to be described in a way that can be used by firms to attract and retain workers through better appreciation and use of their skills and by helping them plan further skills development.

The Food Workforce study also has a focus on the development of partnerships between enterprises and training providers. This can assist in enterprises articulating their specific training needs, and enable the training provider to integrate practical workplace experience as part of training accreditation – what’s termed ‘work-integrated learning’ (WIL) which includes programs such as apprenticeships, traineeships, internships and cadetships. The use of WIL can provide both potential employees exposure to the requirements of the workplace, and for employers can provide work-ready trainees/graduates. Creating a better fit between training requirements demanded by industry and work placements as part of training is a way to maximise employment outcomes following the

completion of training. Recommendations 9 and 10 of the Food Workforce study outline further initiatives to both enable industry to participate in course design, whilst allowing for WIL to be better incorporated into training pathways at the tertiary level (see AWPAs pp. 140-145). AWPAs notes it is encouraging to see that a number of new university courses relating to agribusiness are incorporating industry internships as part of their degree.<sup>3</sup>

- How can rural industries and governments better identify, prioritise and fund research, development and extension?

The AWPAs Food Workforce study, as outlined above, discusses the importance of rural RD&E to the agriculture sector. In terms of its prioritisation and funding it is important to reemphasise that RD&E includes a 'human capital' component – that is, a number of initiatives that provide extension services and training and education to end users, namely the farming community relevant to each agriculture sector. As cited above, Dairy Australia utilises its R&D levy to fund an array of workforce development initiatives. The Food Workforce study found this an important model that should be investigated by other agriculture sectors as to its appropriateness - something we understand Dairy Australia is keen to share information on.

In addition the Australian Government supports collaboration between industry and universities through its Collaborative Centres of Excellence program, embodied in Food Innovation Australia Ltd (FIAL) for the agrifood industry. FIAL's objectives include seeking to "achieve greater alignment between the needs of industry and government investment in research".<sup>4</sup> Located at LaTrobe University and supported by a number of key food manufacturing firms, FIAL provides an opportunity for the agriculture sector to engage food manufacturers to assist in the research and development of new products.

## 7. Reducing ineffective regulations

- How do we coordinate across governments to reduce regulations whose costs exceed their benefits?

### *Training system complexity*

The AWPAs Food Workforce study provides an overview of the current institutional framework for skills and workforce development. For the VET sector the delivery of accredited education and training is regulated through national regulatory bodies, although the Victorian and West Australian state governments have maintained state training regulators.

AWPAs study highlights the complexity of the different national and state government systems which has been identified by stakeholders as an issue requiring attention. This is a significant issue for employers and RTOs that operate across state borders (AWPAs, p. 42).

Issues surrounding the complexity of the training system and its regulation are currently being reviewed through the Department of Industry's VET Reform Taskforce and the broader Portfolio Regulation Reform Taskforce which is part of the whole-of-government approach to deliver on the Government's election commitment of reducing red tape by at least \$1 billion per year.

Concerns about funding models for the current VET system are outlined below (see section 9).

### *Migration options and occupational classifications*

<sup>3</sup> Osborne, Graham, "Boom times for agribusiness", *Sydney Morning Herald*, 5 February 2014, available at <http://www.smh.com.au/national/tertiary-education/boom-times-in-agribusiness-20140205-320pn.html#ixzz2tjq20pn9>

<sup>4</sup> See <http://www.fial.com.au/fials-work>

The AWPA Food Workforce study outlines the various options available to the agriculture industry to draw on migrant workers, either skilled or unskilled, given their significance to the industry especially in meeting seasonal labour demand (see AWPA, pp. 68-71). Regulatory issues raised by stakeholders surrounding existing migration visa arrangements included their inability to re-engage Working Holiday (subclass 417) makers for a duration more than six months and more than two consecutive years, with subsequent loss of investment in training and experience (currently holiday work visa holders cannot remain with any one employer for longer than six months). Given the primary aim of this visa category is cultural exchange, other visa categories are considered more appropriate to retain employees longer term if required. It is also critical that the operation of the temporary migration system does not dampen incentives to undertake long-term training and development of the current Australian workforce, which might lead to lower productivity outcomes over the longer term (AWPA, p. 124).

Other migration issues concerned restrictions on employer's ability to access occupations through using the 457 visa program. Currently the capacity of the agrifood sector to access skilled migrants through the employer-sponsored 457 skilled visa program is limited due to the small number of occupations included on the Consolidated Skilled Occupation List (CSOL) used by the Department of Immigration and Border Protection (DIAP) for targeting this program. The CSOL includes most skill level 1 to 3 occupations as defined by ANZSCO which have as a minimum qualification a Certificate IV or Certificate III with two years post qualification on-the-job training. Industry submissions to the Food Workforce study suggested that the CSOL is flawed as it is based on outdated ANZSCO occupational and skill level classifications, and have called for a review of ANZSCO classifications (AWPA, pp. 96-97).

One alternate migration arrangement to address this concern is for employers or regions facing shortages of semi-skilled workers negotiating labour agreements with DIAP. This process includes a detailed analysis of occupational and skill requirements and the development of a template that can be used by employers. Currently, a Labour Agreement is operating in the meat sector and work is occurring in the pork and fishing sectors. Again, some stakeholders have commented that the option to source workers through Labour Agreements is complex, time-consuming and costly. Further, the requirement for employers /regions to provide evidence of local skill and labour shortages is hampered by data limitations. The annual environmental scan conducted by AgriFood Skills Australia provides up-to-date information on skill and labour requirements across sectors and regions, gathered through an intensive consultation process. This information is a useful source of data to inform migration policies and programs for the sector (AWPA, p. 124).

## 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?

### *Need for a national coordinating body*

The AWPA Food Workforce study discusses the large number of bodies have an interest in and responsibility for elements of the food and beverage workforce. Many oversee the wide range of workforce, skills and training initiatives being undertaken by government, training and industry bodies to address workforce development across the industry. All are aimed at developing skills for jobs.

AWPA's study undertook a stocktake of current skills and workforce development initiatives across the industry and found these efforts are not coordinated and there remain gaps and duplication. The problem is not necessarily a lack of funding to address issues, but the fact that current investments are generally so dispersed and efforts so isolated that synergies cannot be achieved. In addition there is often limited awareness and understanding of these initiatives by key stakeholders, which further reduces their effectiveness. For example, AWPA commission research into the return on investment in agrifood training found that although the provision of government incentives can offset of costs to employers of training, employers are often unaware of the array of

available incentives and how to access them, and those that did, were often affected by changes to incentive programs and the subsequent administrative requirements.<sup>5</sup>

The need for a coordinating body to take carriage of the skills and workforce development agenda to address these types of issues going forward is a priority. Recommendation 1 of the AWPA study outlines the prospective role for a national coordinating body to provide leadership in skills and workforce development across the agrifood industry (see pp. 115-117).

#### *Current VET program effectiveness*

The AWPA Food Workforce study provides an overview of the current institutional framework for the VET system. The delivery of accredited education and training is supported by a range of funding mechanisms and support structures. The costs of these various types of education, training and knowledge transfer methods are shared (in varying proportions) between individuals, employers and governments, and funding mechanisms vary significantly between jurisdictions. This is impacting on the effectiveness of government investment in training to support agriculture jobs.

In recent years, Australia's VET system has undergone a number of major reforms, including the commitment by all governments to harmonisation of apprenticeships, the introduction of demand-based funding and student entitlement models, and greater contestability among providers. Changes have also been made to the administration and funding arrangements for publicly owned TAFE colleges.

Since agreeing to a revised National Partnership Agreement on Skills Reform at the Council of Australian Governments meeting in April 2012, nearly all states and territories have embarked on reforms to their training systems. A key plank of these reforms is the move to a student demand-driven system. However, because each state and territory is free to adopt its own mechanisms to achieve this, a complex set of arrangements has resulted. The complexity and inconsistencies in institutional arrangements and funding models across jurisdictions have been raised by stakeholders as a significant issue for the industry, particularly for national employers.

The introduction of student demand systems has led a number of jurisdictions reducing subsidies available for certain qualifications or putting caps in place to limit numbers. The majority of jurisdictions use or plan to use 'skills needs lists' to determine priority qualifications that receive subsidies. All jurisdictions continue to monitor and adapt their funding policies, making it difficult for students, employers, intermediaries and RTOs to keep up with current arrangements and to plan ahead.

Funding models play an important role in influencing who gets access to training. There is strong evidence that funding changes are driving behaviour among both students and employers, as well as affecting provider capacity. For example, in Victoria—the first state to introduce an entitlement model—the scheme commenced with a guarantee of government subsidised training places for individuals up to their first Certificate III qualification. The consequent rapid increase in Victoria placed a strain on its training budget, leading to the implementation of new arrangements that applied different subsidy rates for courses and qualifications based on 'areas of greatest public benefit and future jobs growth'.<sup>6</sup>

Other jurisdictions have chosen to restrict the number of qualifications available for subsidy and to reserve the right to apply caps to limit enrolment numbers (as well as provide incentives) to steer student choice. Again, this is done in various ways across jurisdictions, but generally foundation courses and courses linked to 'priority occupations' attract the highest level of subsidy. A number of jurisdictions also provide higher subsidy rates for apprenticeships and some traineeship qualifications undertaken through training contracts.

A number of jurisdictions apply different eligibility criteria for different learner cohorts (for example, young people, unemployed people, and people without a post-school qualification) as well as regional and remote

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<sup>5</sup> AWPA (forthcoming) Return on Investment from training in the agrifood sector, Acil-Allen consulting, Brisbane, pp. 38, 48..

<sup>6</sup> Victorian Government, 2012, Refocusing vocational training in Victoria, [www.education.vic.gov.au/Documents/about/department/refocusingvetstatement.pdf](http://www.education.vic.gov.au/Documents/about/department/refocusingvetstatement.pdf).

loadings. Despite this, a number of stakeholders have raised the issue of access to training in regional areas as a barrier to investment in training.

At the national level, it is reported that changes to employer incentives for apprenticeships and traineeships in non-priority areas are also affecting the industry. Stakeholders within the industry believe that the removal of Australian Government employer incentives for Certificate II level traineeships has had a detrimental impact on their training efforts. The industry also has concerns about the recent removal of Certificate III completion payments for existing worker trainees, given that these workers have shown a commitment to a career in the industry.

Concerns have also been raised about the eligibility guidelines and co-contribution model for the National Workforce Development Fund (NWDF). Industry's view is that both existing and new workers should have access to Certificate II level training through the fund. AWPA has subsequently recommended that for sectors where Certificate II is regarded as the industry standard qualification, public funding for existing workers should be available and that existing workers with a Certificate II also have access to publicly subsidised skill sets, where these are endorsed in training packages (Recommendation 6, see pp. 129-130).

Industry believes that the requirement for workers to have a pre-existing qualification at the Certificate III level or above to be eligible to access funding for skill sets is considered a barrier precluding many workers from the sector accessing the skills they need.<sup>7</sup> Industry is also of the view that public funding for skill sets should be extended to any combination of units of competency that meets industry and individual learner needs (in addition to funding of skill sets that have been endorsed in training packages). In making these points, industry is clear that it is not trying to undermine the role played by qualifications; rather, it is seeking more flexible arrangements that acknowledge the workforce structure of the industry, which does not suit a one-size-fits-all model (AWPA, pp. 128-129).

Further to this however is the effectiveness of the apprenticeship system for the agriculture sector, which offers an established model combining study and work. According to industry stakeholders, traineeships and apprenticeships in the industry, particularly in rural, regional and remote areas, routinely face a raft of challenges for both employers and participating trainees and apprentices. These include limited or prescriptive provider choice, geographic isolation, limited peer and service provider support and, in many instances, inadequate or highly competitive labour markets.

Rural Skills Australia have an established network of Agricultural and Horticultural Australian Apprenticeships Advisers (funded by the Australian Government) that provide Australia-wide assistance to potential rural and rural-related apprentices and trainees, with a particular focus on school students across Years 9 to 12. The current adviser program ended in December 2013 and the NFF has sought an extension of the program from the Australian Government.

- 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?

The AWPA Food Workforce study considered the Seasonal Worker program and found that it has not had extensive pick-up across the agrifood industry. Some stakeholders have suggested that an expansion of the agrifood sectors eligible to use the scheme could make it more effective and that better promotion of the scheme and training provision in home countries may also make the program more effective. AWPA understand the Department of Employment is scheduled to review the operation of the scheme in 2014 and have flagged that these issues should be considered as part of that review (recommendation 4) (AWPA, p. 125).

<sup>7</sup> AgriFood Skills Australia, 2013, 2013 Environmental scan of the agrifood industry, AgriFood Skills Australia, Canberra, p. 24.