



**MARCUS  
OLDHAM**

**We mean business.**

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

Dear Taskforce Members,

The following paper documents Marcus Oldham College's response to a number of issues raised in the Agricultural Competitiveness White Paper.

Issue Number 5 – Enhancing agriculture's contribution to regional communities and  
Issue Number 6 – Improving the competitiveness of inputs to the supply chain

Marcus Oldham is the only independent agricultural college in Australia. The institution has been successfully operating for 52 years offering higher education courses in farm management, agribusiness and equine management.

Students attend the College from all states and territories. The institution also offers postgraduate studies and is the home of the Centre for the Study of Rural Australia.

Yours Sincerely

A handwritten signature in black ink that reads "Simon Livingstone". The signature is written in a cursive style.

Dr Simon Livingstone  
Principal

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## Agricultural Competitiveness Issues White Paper

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### *Issue 5: Enhancing agriculture's contribution to regional communities*

#### Introduction

This part of our submission addresses two of the 'questions for consideration', namely:

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

"What community and policy responses are needed in rural and regional communities to adapt and change to new pressures and opportunities in the agriculture sector?"

As the basis for our submission we draw on a current rural entrepreneur development program, called EntruBIZ, instigated by Marcus Oldham College's Centre for the Study of Rural Australia (CSRA) in 2013.

EntruBIZ is a three year program funded by the William Buckland Foundation and the Webb Trust. EntruBIZ incorporates a systems-based approach to developing rural entrepreneurs in the Shepparton and Bairnsdale regions of Victoria. The program is supported by a research effort with a commitment to publish widely on the results of the program. EntruBIZ also incorporates a youth entrepreneur initiative to give senior secondary students in both regions the opportunity to learn entrepreneurial skills and to participate in a business opportunity competition under the mentorship of local business owners.

#### Boosting jobs and investment in regional and rural communities.

Based on our Principal's first-hand exposure to innovative community economic development programs in the United States of America and our subsequent review of the extensive entrepreneurship literature we contend that a systems-based, strategic and energetic approach to develop existing and nascent entrepreneurs within rural and regional communities is an effective measure to boost that community's economic development. Entrepreneurs start and build businesses; by definition they are responding to existing and emerging needs within the community in innovative or novel ways. As their business grows they provide employment opportunities, act as mentors for other nascent entrepreneurs and their success helps change community attitudes to be more accepting and favourably disposed towards entrepreneurship. New innovative businesses can invigorate a community's business landscape, providing opportunities for other new businesses and services to move into the community.

Boosting a community's economic development by developing its pool of entrepreneurs is neither an easy nor a quick fix option. Lichtenstein, Lyons and Kutzhanova (2004) advocate for at least five critical strategies to build an entrepreneurial community:

1. Take a systems approach to enterprise and community development
2. Customize the enterprise development system for each community
3. Focus on developing entrepreneurs
4. Develop new roles, skills and tools
5. Operate a 'transformation business' (p.17)

### Community and policy responses

In considering how a community adapts to challenges to its long term way of doing things whether those challenges be the predicted 'dining boom', or demographic challenges, or loss of services, or environmental change it is helpful to consider the community as a 'complex adaptive system' (Arikan 2010) made up of interconnected sub systems each with its own modes of operation, sharing information, communication channels and power structures. The complex adaptive system tends to damp out the effects of events that might upset its equilibrium so one new innovative business opening in town may struggle to be accepted locally, whereas a concerted program to build a significant number of new businesses that are networked together with good access to influential people within the community who can advocate for them are more likely to succeed.

Entrepreneurial development programs can be complementary to other community based initiatives to develop the local economy. Overseas experience favours a community-led strategy that focuses on developing a regional brand or identity under which individual businesses align to present a coherent regional response to marketing, building consumer loyalty, social media campaigns and the like.

Governments at all levels and their agencies with a regional presence can play a significant role in boosting economic performance and building community resilience by:

- Setting the national agenda for the agricultural sector in response to the expected demand for high quality agricultural products in a growing Asian middle class over the next two decades. There is a need for accurate, accessible information upon which Australian agricultural sector businesses, many of whom are family owned, can make crucial decisions.
- Provide those rural and regional communities who are ready to act with the locally-based resources to develop community leadership and plan for an integrated response to local and national priorities. Regional strategic plans should incorporate economic, environmental and cultural objectives; identify a community's resources; identify opportunities and challenges in such a way that communities can make strategic investment decisions as well as lobbying for public resources.

Policies that provide flexibility and time scales sufficient to develop place-appropriate strategies to address clearly understood and agreed upon issues will encourage innovative responses from empowered communities.

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## ***Issue 6: Improving the competitiveness of inputs to the supply chain***

### Skills, training, education and human capital

#### **Introduction**

Marcus Oldham College has been concerned over a number of years that there are severe shortages in skilled labour supply available to agriculture. These shortages can be attributed to the ageing of the on-farm population, the drought, wages and salaries that are much more attractive in mining than they are in agriculture, and a failure by education authorities at the school level to ensure that agricultural careers are showcased attractively, particularly in a context of increasing urbanization. Finally, the way in which universities have been funded has made sustaining more expensive agricultural courses a less attractive proposition than concentrating effort on cheaper courses that attract overseas fee paying students.

#### **Marcus Oldham College programs**

##### Undergraduate Courses

Bachelor of Business (Agriculture)  
Associate Degree of Farm Business Management

Bachelor of Business (Agribusiness)  
Associate Degree of Agribusiness  
Diploma of Agribusiness

Diploma of Horse Business Management

##### Postgraduate Courses

Graduate Certificate in Agribusiness  
Graduate Diploma of Agribusiness

#### **The decline in education and training provision**

Our comments here are restricted to the higher education sector where we have sufficient expertise to comment. We don't possess a similar level of expertise that would enable us to comment on the VET or schools sectors.

We have already publicly expressed our concerns (Livingstone & Smith, 2011) at the capacity of current higher education arrangements in Australia to support the agricultural industries as they emerge from drought, and as their need to contribute to a hungry world increases. We also note that the decline of manufacturing through currency movements and

workplace arrangements may yield a higher expectation on agriculture to deliver export dollars on the commodity markets, in much the same way as mining products.

Our observation in the Livingstone and Smith article were, in summary, that the declining governmental financial support for universities, and the consequent need for their greater commercialization, had resulted in the decline of agricultural course provision. Compared to, say, business courses, agriculture programs cost more to run, attract lower enrolments, and do not attract any sizeable number of full fee paying overseas students. That set of drivers has reduced provision and resulted in the considerable decline of faculties of agriculture, and their integration into other faculties. In our article we point out that only 12 of Australia's 39 universities provide agricultural courses and that these may also have a somewhat gloomy future. We have appended the article to this submission.

Accordingly, while the decline of these programs is a threat, it also represents an opportunity. There is a problem of aging staff of course, but there is also a problem of providing opportunity for younger teachers and academics to enter agricultural education and training. With effective political and institutional policy making and leadership these opportunities can restock and revitalize agricultural education and training, as well as develop the research capacity that is also required.

Our contention here is that agriculture has been the victim of a perfect storm in education and training, with a declining workforce resulting from aging and from industry exits during the drought and in favour of high mining industry wages; and with a concomitant decline in the provision of agricultural education and training programs that will provide the skills stock for the future.

To address contemporary needs in agriculture education and training, and to find solutions to the widening gap between skilled labour supply and demand, we contend there needs to be a number of strategy areas:

- Curriculum development
- Course delivery options
- Attraction of young people to the industry
- Remuneration and job security – we have not commented on this since we believe it to be outside the scope of this submission

### ***Curriculum development***

Currently agriculture courses at secondary, VET and higher education reflect the development of either technical/scientific knowledge, or of agribusiness knowledge. The majority of courses are in fact intended towards technical and scientific knowledge of agriculture, including on-farm knowledge and skills. A lesser number of courses, and these

largely at higher education level, provide opportunity for specialized agribusiness skills and knowledge formation.

Our main contention here though, with respect to farming is that skills and knowledge need to be formed in both the technical and the business domains of farming. We have recently conducted a number of focus groups with successful dairy farmers. It was clear from this research that successful farmers conceptualise themselves as business people with the technical knowledge relevant to the conduct of their particular business. Knowledge of business structures, finance and equity alternatives, business and strategic planning were valued knowledge by these successful farmers, and it was their business knowledge that defined their success.

It was their technical knowledge that enabled them to be dairy farmers, but it was their business knowledge that enabled them to be successful.

In other work we have done with the agricultural industries other skills sets are identifiable. The use of *the internet as a professional information resource is important* for any person in contemporary life, but for people geographically removed on farms it assumes a crucial importance. The skills of identifying required material, and discerning high quality reliable sources from less useful sources is an important skill.

In a globalised world where agricultural commodities are now traded outside previous aggregated national marketing structures, agricultural managements and farmers need to be more aware of international business and opportunities. The *need for agricultural courses to include components of international business and cultural awareness* has never been greater.

Accordingly, it is our contention in this submission that there is a need for an increased number of courses that provide *a combination of knowledge from both the technical and the business domains*. We also suggest that these courses be available at the formal levels of secondary, VET and higher education; but also available in the more informal sector of adult and continuing education.

### ***Course delivery***

Together with campus based formal courses there is a clear place for flexibly delivered programs using 'traditional' higher education web platforms. But there is also an argument for making use of social media software (eg Facebook) to deliver program material but, more importantly in our view, to assist in professional networking and the development of communities of practice among people who typically work in rather isolated contexts.

The provision of community based programs delivered into local communities on a face to face basis are also important in rural areas where the opportunities to meet and construct

knowledge through discussion and demonstration are not great but are, nevertheless, highly valued.

Finally, with family farms we suggest there is an argument to consider the family (rather than an individual) as the learning unit such that different parts of curriculum can be provided and credentialed to different family members as they relate to the family member's role on the farm.

### ***Attracting young people***

In our view the attraction of young people to the industry is such a pressing need that we have devoted a section of our submission to it.

Underpinning our nation's capacity to maximize agricultural gain for ourselves and for humanity at large is the development of skills and knowledge, and our capacity to attract new and young people into agricultural production and agribusiness. As we see the graying of the farmers of Australia and their consequent retirement we need to be seeing young people coming in to replace them, To do that we must do a number of things.

*First, we need to communicate the business opportunities to young people so that they recognize agriculture as an industry where they can prosper. Second, we need to identify and develop financial pathways into farming that enable youngsters to enter the industry at professional levels without first having first to accumulate a level of assets more usually associated with much older and more established farming people. We also need to project an image of agriculture as the complex and sophisticated enterprise that it is to ensure that intelligent young people who need a challenging career can see that agriculture can provide just that.*

A bright future for agriculture will rely on attracting sufficient numbers of young people to work in the industry. However, a recent major study showed that production in the agriculture sector is at risk of being severely inhibited by an undersupply of appropriately skilled labour. Over the next 10 years this will become a crisis if no concerted measures are undertaken to attract young people into the industry and, most particularly, into farming. The 2010 Australian Farm Institute report into human resource needs for Australian agriculture warns that 30 per cent of the existing labour supply is likely to exit the industry by 2018.

The loss in skilled labour outlined in the AFI report will mean there will be a requirement for increased entry of skilled labour directly from the education and training sectors. However, enrolments in agricultural courses at universities have been declining over a number of years and this situation is likely to continue well into the future. Although agriculture offers a wide range of occupations and career opportunities it is arguable that these opportunities are not being showcased adequately for young people.

There are plenty of employment opportunities and career paths in the agribusiness and service sectors to agriculture, and these are attracting healthy numbers of rural students, probably due to the more urbanised lifestyle afforded by those occupations, and a perception of higher salary offerings. The real concern is the declining number of youngsters who are seeking on-farm occupations.

One area we suggest needs investigation fairly early is the *current disconnect between agriculture as an area of study, and professional recognition and status in the wider community*. Young people searching for a future career have a clear enough idea what lawyers, nurses, teachers and engineers do. They are also aware of the education and training required for those wishing to enter those occupations. But when it comes to agriculture, we suggest there is less understanding what a farmer is and does, and what education and training is necessary to enter the profession and to be successful. Positioning farming as a profession and building an image for it that reflects its professionalism is probably going to be important. There is widespread understanding that a leading farmer requires the competence in a broad range of manual skills, but there is probably less understanding that successful farming also requires a vast array of sophisticated theoretical knowledge as well as advanced cognitive capabilities to handle the complexities of changing business and technological environments.

It is anticipated *there will be fewer farm managers in the future, but they will be highly skilled and degree qualified*. In other words, the professionalisation of farming is happening whether we plan for it and educate for it – or whether we don't. Clearly, it is better if we do plan and educate for it, and ensure that we do secure a flow of young people ready to enter the profession as the departures from the industry predicted in the Farm Institute report march inexorably onwards.

The shift towards corporatized farming also means that young people can enter the industry without having to either inherit a farm or have a very large amount of money that will enable them to purchase one. That trend will enable entry to on-farm professions by youngsters otherwise not able to join the industry, and also brings with it the possibility of a broader range of young people who can participate. We need to be making these trends and opportunities very clear to youngsters if we are to interest them in the industry.

We need to clearly show young people that agriculture provides enormous professional and business opportunity, and that a vibrant and productive agricultural industry is the only way we are going to feed a growing population in a reliable way. Selling essential product that people need to eat and to live is the basis for about as good a business plan as can be imagined – and will become even better.

Agriculture must be at one of its most exciting periods in recent history, and at one of its most sensitive times.

Exciting because as a business proposition things can hardly look better than they are. Sensitive also because with the United Nations predicting we need to increase food production by 70 percent by 2050, there is no shortage of growth in the demand for food and fibre in a world that is growing hungry for new food sources. In Australia we are witnessing the end of the drought that has been so damaging to agricultural production and financial well-being. Australia currently produces sufficient food to feed around 40 million people, but as our own population grows we need to substantially increase the number we can feed to ensure we contribute to world food supplies and earn foreign exchange in our agricultural industries.

From a national export perspective, agricultural commodities are affected by foreign exchange movements in the same way as mining products. A strong dollar will impact negatively on other export earners such as manufacturing, tourism and education, but positively on agricultural and mining exports.

The commercial and business opportunities for individuals are strong in agriculture right at the moment and, similarly, so too are the political and trade opportunities for our nation. With effective leadership at industry and government levels Australian agriculture has an extraordinarily bright and profitable future, and our nation has the opportunity to play an important role in food security and political stabilization. Coupled with effective leadership needs to be, of course, effective skill and knowledge levels provided through education and training. Replenishing the stock of people, skills and knowledge that drive agricultural outputs is essential to leverage this bright future. The impact of labour shortages on exports has not been felt to date as painfully as we believe it will be felt in the next several years as more farmers retire from the land and less youngsters come in to replace them.

### ***Making agricultural education an attractive personal investment***

Farming is a business. If it is to be successful and productive it needs to be conducted as a business. Additionally, it needs to be business that is not only owner-operated if it is to attract youngsters who will not inherit a farm, or do not have the capital to acquire one. Our observations here are consistent with the broader research and literature, and reflect the findings of our own research at the Centre for the Study of Rural Australia. Providing attractive and accessible financing arrangements and capital accumulation arrangements is an important component of attracting youngsters to the industry.

The opportunities resulting from the corporatization of farming form an important pathway for talented young people to enter the industry, but these opportunities are not profiled sufficiently. Indeed, in Australia it does seem remarkably difficult to obtain reliable data on

corporate farming and its career opportunities; and also remarkably difficult to get information on new and different forms of farm ownership.

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