

AGRIFOOD
SKILLS AUSTRALIA



Submission

Workforce Futures Skills Australia

AgriFood Skills Australia
PO Box 5450
Kingston ACT 2600
P: 02 6163 7200
www.agrifoodskills.net.au
Contact Officer: Jane Brownbill

AgriFood's position, in summary

AgriFood Skills Australia (*AgriFood*) believes that a successful workforce planning model must be based on modelling that takes future global changes into account. AgriFood welcomes Skills Australia's recommendations for a more integrated and consultative approach to workforce development. Greater potential involvement of industry skills councils is particularly welcomed.

AgriFood advocates a holistic approach to workforce and skills development, one which is a continuing cycle where skills and workforce development is only one component of successful workforce planning, especially at regional level.

A major thrust of the *Workforce Futures* Background Paper 1 is the establishment of a list of 'at risk occupations'. An important role is envisaged for governments in prevention of market failure in respect of such occupations, which are characterised by a number of criteria, including level of specialisation, lead time in developing skills and the possibility of significant disruption where skills are in short supply.

A number of 'at risk occupations' is listed in Background Paper 1 (BG1). We note that none are agrifood occupations as AgriFood defines them. One reason for this appears to be a greater emphasis on occupations with a long lead time. While some agrifood occupations fall into this category, many are wrongly associated with lower skill levels with shorter training times. However, we argue that the second and third criteria for 'at risk occupations' (*good fit* and *significant disruption*) are more important overall and particularly relevant for the agrifood industry. In a global environment of increasing food insecurity, we contend that agrifood occupations will assume a greater significance than currently attributed to them.

To date, the determination of skills in demand in Australia (generally for the purposes of allocating education and training support funding and determination of immigration priorities) has had a statistical focus that is not seen in other countries. The main reason for this is the existence, in Australia (and NZ), of a detailed occupation classification with a skill level rating associated with individual occupations (the Australian and NZ Standard Classification of Occupations – ANZSCO). AgriFood has consistently argued that ANZSCO does not well reflect agrifood occupations, nor their skill levels. Other statistical issues adversely affect the agrifood industry; these include a lack of data for privately funded VET training¹ – a characteristic of some areas of agrifood – and a general lack of detailed industry and occupation data.

AgriFood welcomes a relatively broad scope for identifying 'at risk occupations' (per the methodology outlined in Table 22 of BG1). This contrasts with the current approach of DEEWR and DIAC of limiting the scope for 'skills in demand' to occupations of a relatively high skill level (generally defined per ANZSCO, or its predecessor ASCO).

The role for ISCs, described in BG1, is welcomed. AgriFood argues for a stronger role, especially during the first stage of determining 'at risk occupations'. This is consistent with ISCs' expertise in industry intelligence and would enable Agrifood (and other ISCs affected by the statistical anomalies described above) to directly argue for the importance of particular occupations. It would also overcome what we consider to be uneven emphasis on the four criteria for determining 'at risk occupations'.

¹ A data deficit that is referred to in Background Paper 1, page 52.

A core aspect of the Workforce Futures proposal is what appears to be a rather 'laissez faire' approach in respect of the education and training sector. This is based on the assumption that education providers have good intelligence for determining training priorities and that governments should focus on market failure situations (the determination of 'at risk occupations'). We question whether this is the best approach, given both the importance of the education and training system in providing future skills and the lack of VET data on private training funding.

The submission explores issues of *access and equity* and *regional and community development*. Main thrusts include unequal access to education and training in regional Australia, skills drain to urban areas, increased needs for higher level skills in the agrifood industry, and the usefulness of localised solutions.

Skills issues are raised in the context of matching skills to jobs. The agrifood industry needs to be able to access the right skills, at the right time, for a particular job. The end result of such a strategy is not always a complete degree, diploma or certificate qualification.

Introduction

AgriFood Skills Australia (AgriFood) applauds Skills Australia's initiative in conducting an inquiry into future options for developing Australia's workforce. AgriFood has been a long term advocate for a more holistic approach to workforce and skills planning and actively pursues this concept when developing and implementing work force development products and initiatives.

AgriFood Skills Australia is one of 11 Industry Skills Councils whose role is to advise both industry and government on the skill and workforce needs of the agrifood industry (which covers agriculture, horticulture, animal care, natural resources, racing, and production of food, wine, pharmaceuticals, meat and seafood). AgriFood is particularly interested in Skills Australia's Workforce Futures proposals for the following reasons:

- The role and depth of AgriFood's involvement in national industry advice and analysis
- The need to ensure that the unique planning needs of the agrifood industry workforce are properly and thoroughly understood by policy makers.

The importance of modelling for the future

AgriFood believes that a successful workforce planning model must be based upon futures modelling, which embraces the following operating principles:

The global position of industry and ramifications of global change, including food security, carbon reduction and national financial security

- *Focus of workforce development is based upon economics of an industry.*
- *Consideration is given to future political, economic, societal and environmental requirements.*
- *Leading to a reconsideration of how we collect and analyse evidence for prioritising Australia's skill needs.*

A co-ordinated national response

- Nationally agreed and accepted methodology for collection and analyses of data – providing benchmarks.
- Targeted data collection at the lowest possible level.
- Central collection agency, managed through existing mechanisms, which can advise future trends and skill requirements.

Translating the response into localised regional development solutions

- Community and regional workforce development which is agreed and supported by industry, community and educators.
- Criteria for success are described and monitored.

To underline these principles, AgriFood argues the need for a radical rethink of workforce future planning. This submission will show how AgriFood is tackling these issues by following a philosophy that is based upon an integrated holistic approach, as shown in Figure 1. AgriFood will also highlight a number of issues that disadvantage the agrifood industry in current government labour market policy making and how these negatively affect the fundamental growth of the industry and the regions it supports.

A holistic approach

AgriFood has, since 2005, advocated a holistic approach to workforce and skills development, which is depicted below as a continuing cycle where skills and workforce development is only one component of successful workforce planning, especially at regional level.

AgriFood is pleased to read corresponding messages in the Skills Australia *Workforce Futures background papers*.

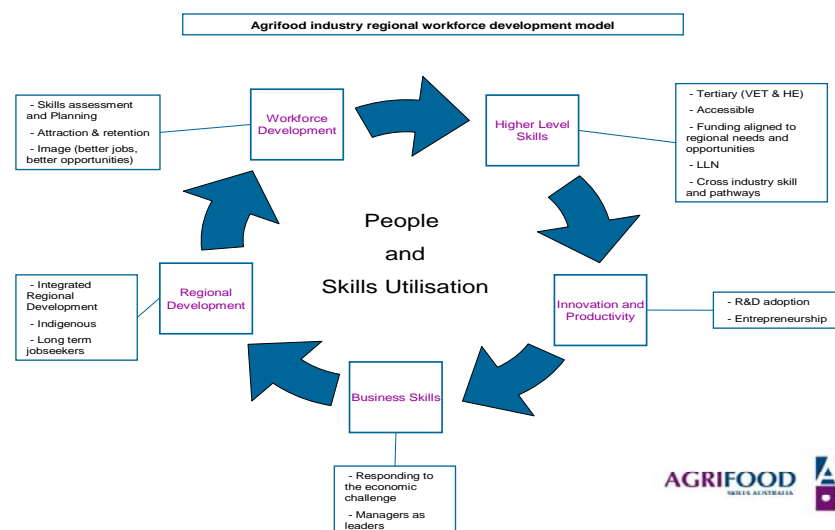


Figure 1

The agrifood industry is important and vibrant.

We produce food for more than 60 million people, account for over 11 per cent of Australia's total commodity exports and provide 93% of Australia's domestic food supply. The industry is clearly the lifeblood of regional and rural Australia; its

businesses are custodians of nearly two-thirds of its landmass and natural resources; the industry directly employs nearly 10% of Australia's workforce and contributes over 5% of GDP.²

The agrifood industry is unique in its skill needs and the systemic mechanisms needed to address them. The unique requirements of the industry must be understood and acted on by policy makers in line with its importance. Agrifood stakeholders have described the current model as follows: “Agrifood is the least well served in education and training and the most important”. The importance of the industry is emphasised by:

- the strong contribution of the agrifood industry to regional Australia,
- its role in terms of employment, export and economic contribution to Australia as a whole, and
- the role of the industry in feeding Australia and much of the world, especially in the context of climate change and food scarcity.

In respect of the last point, the Australian agrifood industry needs to face the significant global challenges of food security and climate change. The industry must feed Australia, export to our global neighbours and continue to show productivity increases. The industry is unique in these respects, yet is disadvantaged in terms of government labour market policy.

New approaches to determining skills in demand

A number of ‘at risk occupations’ is listed in BG1. None are agrifood occupations as AgriFood defines them. One reason for this appears to be a greater emphasis on occupations with a long lead time. While some agrifood occupations fall into this category, many are wrongly associated with lower skill levels with shorter training times. However, we argue that the second and third criteria for ‘at risk occupations’ (*good fit* and *significant disruption*) are more important overall and particularly relevant for the agrifood industry. In a global environment of increasing food insecurity, we contend that agrifood occupations will assume a greater significance than currently attributed to them.

BG1 envisages a role for ISCs, especially at the second stage of analysis, following a more quantitative stage that determines the set of ‘at risk occupations’. AgriFood strongly argues that ISCs should be more involved during the first stage, where the shortlist of occupations is determined.³ This is consistent with ISCs’ expertise in industry intelligence and would enable Agrifood (and other ISCs affected by the statistical anomalies described above) to directly argue for the importance of particular occupations. It would also overcome what we consider to be uneven emphasis on the four criteria for determining ‘at risk occupations’.

Statistical issues

The ideas presented in the Workforce Futures papers regarding workforce development strategies are progressive and, in many respects, contrast with the current approach to determining skills in demand in Australia. The current systems have a strong reliance on a classification system – ANZSCO – and data based on that system. AgriFood contends that

² Sources: Draft *Agrifood Industry Environmental Scan 2009*, AgriFood Skills Australia; ABS Census of Population and Housing, 2006 (aggregation of agrifood occupations) and ABS *Australian Industry, 2007-08* (data cube 81550DO001).

³ Noting the reference to a role for ISCs in providing data for criterion 4.

such reliance does not reflect the reality of agrifood occupations and skill levels. Over the last 12 months or so, AgriFood has undertaken significant research into ANZSCO and its limitations. This research suggests that reliance on ANZSCO restricts labour market analysis and adversely affects sound policy decision making.

In particular:

- Reliance on ANZSCO for classifying occupation and jobs data does not result in a clear or balanced picture of the agrifood workforce. The classification is out of date and does not reflect the growing skill requirements of the industry, especially in relation to the pace of technological and job role changes.
- The data collection methodology used by DEEWR to ascertain skills in demand is based upon ANZSCO (and its predecessor, ASCO). Its scope is limited to higher skill levels (professions and trades). The skill levels for many agrifood occupations shown in ANZSCO are lower than now required by the sector; those occupations are therefore excluded from the DEEWR research.⁴ The DEEWR work is also limited in scope in other ways, for instance, DEEWR mainly surveys employers who advertise through the popular media (a method not used in some agrifood industries).

The industry classification, ANZSIC, also presents issues for the agrifood industry. Like ANZSCO, it is dated in some respects (despite a revision in 2006). The agrifood industry does not correspond readily with ANZSIC at the broad level – which is the level for which much economic data are available. A particular data limitation is apparent for food manufacturing which, when included within the manufacturing industry, is subject to an apparent decline in line with manufacturing overall. However, the food processing industry, which is the largest manufacturing sector in Australia, is large, growing and rising in national importance for internal consumption and export value. Key facts taken from recent *Australian Food and Grocery Council State of the industry 2009 report highlight the following important messages:*

- *The food manufacturing industry represents 19% of total manufacturing turnover, and is comparable in size to the education sector and more than 3 times that of the automotive sector.*
- *In the 5 years to June 2007, the food and beverage sector grew by 8.1%, and the fresh produce sector turnover grew by 32%.*

Further to this, the food manufacturing sector is a large manufacturing employer and is projected to grow in both productivity and importance (*Australian Food and Grocery Council State of the industry 2009*).

AgriFood has examined the data found in Table 7 of Workforce Futures background paper 1. When manufacturing is further disaggregated, the higher growth level of food product manufacturing becomes apparent. In employment terms, it grew nearly 6% in the five years to May 2009, compared with a fall of about the same size for total manufacturing.

We have highlighted this example to show how a statistical representation can portray a skewed message, resulting in poor decision making.

AgriFood is currently working with other Industry Skills Councils to develop and validate alternative methods of workforce participation data.

⁴ The situation is complicated somewhat by the different ways that ASCO and ANZSCO present skills.

Access and equity

It is crucial to ensure no-one is left behind as the recovery takes off.

P.20, Workforce Futures. BG2

The agrifood industry, like many other industries in Australia, is suffering from a serious lack of higher level technical skills – skills to adopt and improve new technologies, skills to better manage people and business operations, and skills to develop new products and processes that will respond to an ever-changing global market.

The agrifood industry is predominantly a regional industry and it is well documented that regional education facilities are not adequately resourced, especially compared to metropolitan facilities. This means that educational opportunities, from school to VET to higher education, are limited in many regions and accessing educating and training may be more difficult.

Traditionally, some of the problems associated with limited opportunity have been hidden as families send children to metropolitan schools or large regional boarding schools and tertiary education institutions in an effort to ensure a good education. It appears, anecdotally, that many of those children do not return to regional areas. This exacerbates the skill drain, particularly at the higher levels.

In many respects, the agrifood industry is changing and needs to change further. In particular, it needs to be more technology-driven and science-based, requiring a higher level of skill and knowledge. Traditional stereotypes of hard, monotonous work are being replaced by smarter working, for instance, use of GPS-based technologies and other information and communication technologies, such as laptop computers. This change needs to continue, to ensure a sustainable and vibrant industry that can compete globally. The industry is dependent upon skill development opportunities that are accessible and responsive. The lack of these has flow-on effects including increased local unemployment and lack of skilled employees, especially in regional areas.

AgriFood made the following recommendation in the recent Senate Enquiry into *Rural and regional access to secondary and tertiary education opportunities*:

That the government provide a clear vision for regional and rural Australia to provide equivalent educational opportunities to those accessed by students in metropolitan areas through the development of a National Rural Education Strategy

Senate Submission: Rural and regional access to secondary and tertiary education opportunities, AgriFood Skills Australia 2009

The agrifood industry is an integral component of regional Australia and, to remain globally competitive, the industry requires a workforce with high-level core skills (literacy and numeracy) and technical and business skills to increase productivity and profitability. These need to be accessible and responsive to industry requirements. Arguably, this goes beyond workforce planning and is also a social inclusion issue.

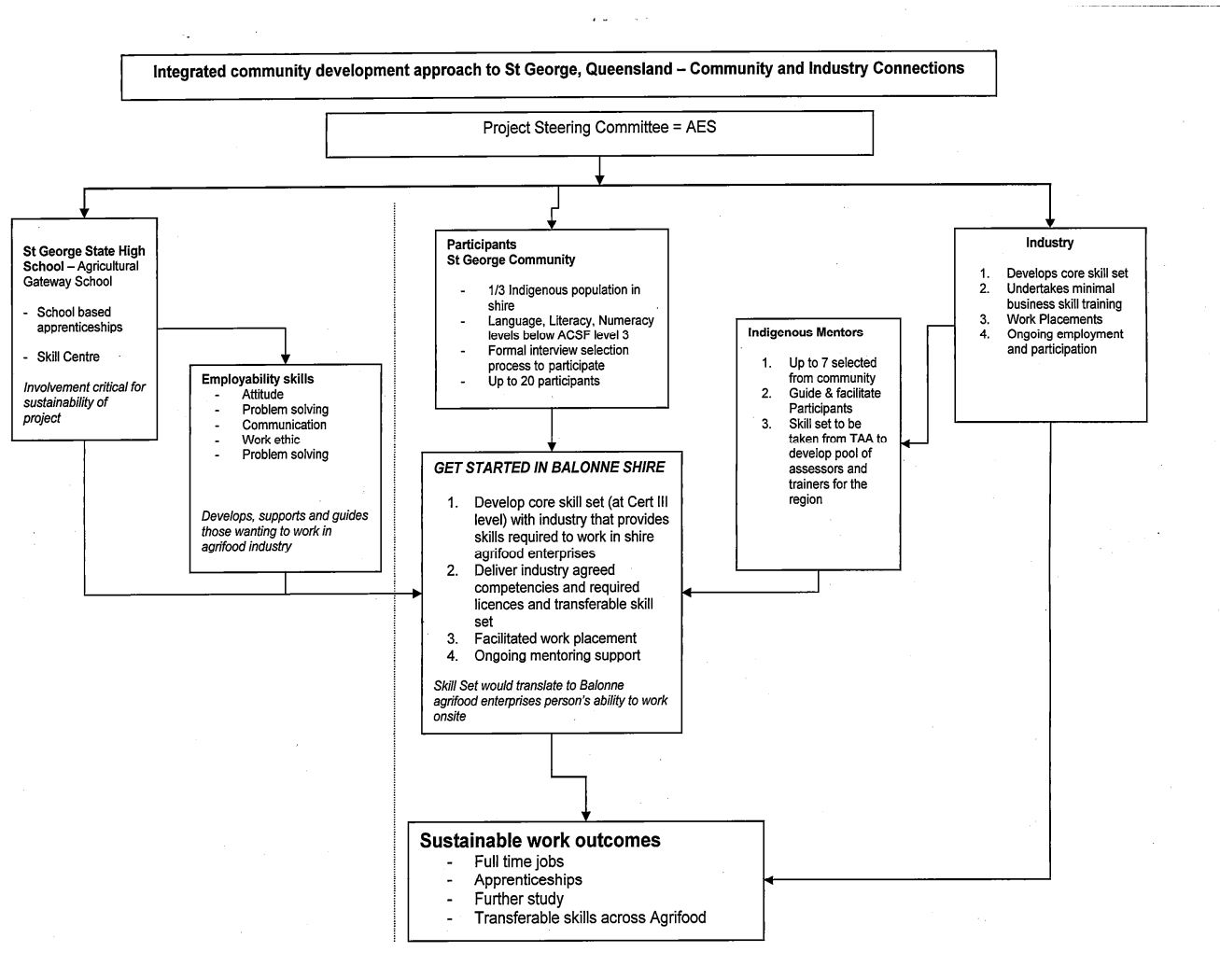
Regional and community development

As discussed above, the agrifood industry is predominantly a regional industry and the major employer in many of Australia's regional areas. As such, adequate attention needs to be paid to the workforce development needs of regional Australia.

The agrifood industry competes in a fierce global market, requiring innovation and entrepreneurship to succeed. Relevant skills need to be developed in the agrifood industry. Case studies from AgriFood's Regional Job Summits exemplify localised solutions. They can be found in the *Attachment*.

AgriFood will continue to work with industry and communities to deliver holistic solutions and will actively work with Skills Australia to further develop this as a regional workforce development model inclusive of other industries.

AgriFood is also pursuing an integrated approach to workforce development with the community of St George in Queensland, see schematic below.



Skills utilisation

The agrifood industry talks about skills not qualifications.

AgriFood proposes the following changes to the skill development system so that it can better serve industry needs.

The agrifood industry understands that skill development is only useful if coupled with focused skill utilisation. The industry wants to be able to access the right skills, at the right time, for a particular job. This may lead to complete qualifications but also often results in

skill sets for particular jobs or tasks. AgriFood has translated this into three key policy levers:

Building blocks – funding model

- Recognition that industry learns through **incremental skill development** – building blocks based on diagnosis of individual needs.
- Re-conceiving the **funding model** to operate across the full continuum of skills and workforce development – not just training.
- Delivery of training as part of an **integrated, whole-of-business response** aligned to an enterprise's business strategy.

These concepts are discussed in detail in the enclosed *AgriFood Industries Environmental Scan 2009*.

Conclusion

As Kate Carnell, CEO of Australian Food and Grocery Council said at the AgriFood Skills Australia 2009 conference – “Agrifood is the new black.”

The agrifood industry is poised to expand and meet the global challenges it faces both at productivity and sustainability levels. As this submission has discussed, a radical rethink of the methodologies and systems used to determine workforce priorities is required to ensure a more highly skilled and productive industry.

To summarise,

New approaches are needed.

1. More consideration of the global position of the agrifood industry and its response to global trends, such as climate change and carbon reduction, increased attention to food security, and financial security.
2. Criteria for identifying ‘at risk occupations’ need to be appropriate for the future. In particular, AgriFood argues the importance of the *good fit* and *significant disruption* criteria.
3. A co-ordinated national response, one focused more on expert input (including from ISCs) rather than just statistical models.
4. A broad scope for examining ‘in-demand’ skills, allowing for lower level skills that otherwise meet relevant criteria to be considered.
5. Translating the response into localised regional development solutions.

Important considerations for the agrifood industry in future workforce planning and development are:

1. The importance of modelling for the future.
2. A holistic approach.
3. New approaches to determining skills in demand.
4. Access and equity.
5. Regional and community development.
6. Skills utilisation.

AgriFood Skills Australia would be happy to expand further on any of these issues at a convenient time.

Attachment

Case studies from AgriFood's Regional Job Summits

Narrabri

The North West Advisory Group was formed following the North West Regional Jobs Summit held in July 2009. At the Summit, there was broad agreement that a locally driven approach through partnership of regional organisations could deliver longer-term productivity benefits for the region through increased employment and skills development opportunities.

The Group's overarching objective is the development of strategies and initiatives to attract and retain skilled workers and their families, 'tree changers' and business people to the region through the promotion of high-level job and career opportunities, linked to education and training support, lifestyle and regional growth.

The North West Advisory Group (NWAG) membership comprises a cross-section of regional and local industries and employers, employer groups, regional authorities and other interested stakeholders. The NWAG identified its four priorities to develop and implement strategies across four key focus areas:

1. Professional development for business owners and managers especially in the areas of contemporary HR practice, skills utilisation, job design, recruitment strategies for permanent and seasonal workers.
2. Retention of the existing workforce e.g. RPL, up-skilling and development of cross-industry skills sets that address labour needs in the region.
3. Career opportunities for the region's young people e.g. giving students an appreciation of jobs that are available, through greater promotion of agrifood industries to careers advisers and career expos, and expansion of work experience places – a program focusing on young people in their gap year.
4. Assess regional skills demand i.e. develop a skills demand calendar, across five industry sectors that will allow peak labour demands to be tracked and adapted for skills utilisation purposes.

Industry and Investment NSW (now incorporating the former Department of State and regional Development) provided co-funding with AgriFood to engage a locally based consultant to manage the project. Additional funding and in-kind support will be sought throughout the term of the project to cover the cost of project deliverables such as workshops, skills recognition and work experience programs for schools. These will include applications for grants from Federal Government programs such as Farm Ready, research funding and support through Cotton Research and Development Corporation (to assess project outcomes, scoping studies), training provisions through the Productivity Places Program and NSW Strategic Skills Program.

Emerald

Some 80 representatives of industry, regional communities and the employment, education and government sectors participated in the Regional Jobs Summit at Emerald on 6th November 2009. The objectives of the Emerald Jobs Summit were to:

1. Identify and address the regional challenges of attracting, developing and retaining a skilled workforce.
2. Examine outcomes of the Central Highlands Skills and Labour Shortages Survey, which include feedback from local employers regarding recruitment, training and retention.

3. To broaden representation on the existing Employers' Group that will develop and implement a regional workforce development strategy.

The major outcome from the Summit will see the establishment of collaborative partnerships between local industries and employers, regional education, training and employment organisations and all levels of government.

There is strong competition for jobs in the region as the Central Highlands industries lead the recovery from the economic downturn. New approaches to ensuring a sustainable approach to attraction, skilling and retaining the workforce are required.

Conclusion

The significant difference between Emerald and Narrabri is that Emerald has very low levels of unemployment. Like Narrabri, plans are well underway for a massive expansion of the resources sector, albeit on a larger scale, with somewhere in the order of \$100bn worth of projects and 20,000 extra jobs between now and 2013. However, the Mayor of Narrabri recently forecast in the *Courier* newspaper that the region's local workforce is expected to increase by 50% during the same period.

The Emerald Jobs Summit highlighted that it is a region with similar issues and challenges to Narrabri. Mike Rafferty from the Workplace Research Centre at the University of Sydney identified that the challenge of finding workers and places to live in Emerald should be approached positively (and was certainly more favourable than the alternative of decline).

Mike summed up what is required to address the challenge – *Leadership, Alliances and Incentives* – indicating that it was up to the locals to address the first two and then get government on board to support the initiative with incentives. It was interesting to note that some participants who raised issues/challenges in a negative manner at the start of the Summit were beginning to take a more positive approach at the end.

AgriFood has played a pivotal role in bringing together a broad representative base from a wide cross section of industries that would otherwise not have met. These stakeholders have recognised a need to address the challenges facing their region and are willing to invest their time and energy in developing strategies. AgriFood has indicated a willingness to support these efforts but cannot do it without support from the state Government agencies responsible for regional development.

The realities of skills and professional development needs emerged again during the Emerald Summit. From a policy perspective, this provides further evidence that the current narrowly focused and trades-centric funding models do not meet the skilling needs of rural and regional Australia:

1. It is about skills sets, not full qualifications in the first instance.
2. Training programs that provide skill sets (incorporating employability skills) that are transferrable across industry are the preferred option.