

## Joint rice industry submission

### Ricegrowers' Association of Australia Inc. and Ricegrowers' Limited (Trading as SunRice)

Submission to the Senate References Committee on  
Education, Employment and Workplace Relations inquiry  
into education and training for agricultural businesses



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## **Introduction**

The Ricegrowers' Association of Australia and Ricegrowers' Limited (trading as SunRice) welcome the opportunity to provide this joint submission on behalf of the Australian rice industry to the Senate References Committee on Education, Employment and Workplace Relations. We consider the committee's inquiry into education and training for agricultural businesses to be very timely given the human resource difficulties faced by our industry moving back into full production after many years of drought.

Following a brief explanation of the Australian rice industry, the submission will address the following issues:

- the nature of the labour shortage faced by the industry and its economic effects;
- deficiencies and potential improvements relating to education and training, including its provision in the workplace, and at tertiary and secondary level; and
- the difficulties associated with attracting and retaining employees in rural areas.

## **The Australian rice industry**

The RGA is the collective voice of rice growers in Australia, representing over 1400 voluntary members in NSW and Victoria on a wide range of issues. SunRice is the grower-owned company responsible for milling and marketing rice supplied by its grower-shareholders. SunRice is an \$800 million global food business and one of Australia's largest branded processed food exporters, supplying products to approximately 60 countries.

Rice was first grown in Australia in the early 1920's near the townships of Leeton and Griffith in the New South Wales' Riverina. Today the rice industry encompasses the Murray Valley of NSW and Victoria and the Murrumbidgee Valley of NSW. Prior to the drought, when water allocations allowed, between 120,000 – 160,000 hectares were sown to rice in October of each year across this region, producing an average of around 1.2 million tonnes annually. With good winter rains last year, and reasonably early water allocations in both the Murrumbidgee and NSW Murray Valleys, 80,000 hectares of rice was sown in the spring of 2010 yielding around 800,000 tonnes of rice for the 2011 autumn harvest. A slightly bigger crop is expected to be harvested in 2012.

The industry has a farm gate value of around \$350 million and total value (export earnings, value-added) of over \$800 million. Including flow-on effects, it is estimated that the industry generates over \$4 billion annually to regional communities and the Australian economy. During years of normal production, around 80 per cent of the Australian rice crop is exported.

Rice growers have individually invested over \$2.5 billion in land, water, plant and equipment and collectively invested around \$400 million in mill storage and infrastructure through Ricegrowers' Limited (SunRice) and the Rice Marketing Board of NSW (RMB). The industry is the backbone for our regional communities and, prior to the drought, generated around 21 per cent of total regional income and 18 per cent of total regional employment. The return to full rice production

in October 2010 and manufacturing April 2011 has obvious implications for demand for labour across the rice growing region.

## **Labour shortages and their effect**

### *On farm*

There is currently a pressing shortage of skilled labour available to work in rice-based farm businesses, a problem until recently masked to a large extent by the drought. Now the drought is over and the rice industry has moved back into full production, it has become apparent to our members that the task of finding capable staff is proving extremely difficult.

RGA's members have consistently reported the difficulty of finding farm labourers across all levels of skill, indicating that it is a major inhibitor to expanding their farming businesses. After extensive but fruitless searches through the usual job advertisement channels, often the only way local growers are able to attract employees is to headhunt them from other farms in the region, thereby shifting the problem from one business to another. Where new or replacement employees are not able to be secured when needed, the capacity of the farming enterprise to maintain optimal production levels is decreased, with consequences for the economic health of the region as a whole. There are also clear safety risks for farm owners working excessive hours to compensate for labour shortages.

The problem is also manifesting itself in key service industries, for instance the availability of qualified mechanics. RGA members have reported that vital machinery is sometimes left idle for days and even weeks because there are no qualified mechanics available to repair them when a breakdown occurs. Some have even resorted to purchasing second hand replacements to use in the interim, until repairs can be finished. If a key piece of farm equipment such as a tractor or header is left stranded for an extended period of time, this obviously has a significant effect on the business that flows through to the broader community.

### *Within the SunRice manufacturing and supply chain operation*

Drought has led to a cycle of downsizing since 2002, resulting in loss of over 1200 jobs in the industry. Recent rains and increased water availability have enabled a large rice crop this year and more than 400 staff have been recruited over the last 12 months to reopen a mill and expand capacity throughout the supply chain.

This process proved challenging and highlighted the skill shortages and issues underlying our difficulty in recruiting people for employment in the Riverina and regional Victoria. The following context is pertinent to this inquiry.

#### **i. National skills shortage**

Like all manufacturing businesses in Australia, SunRice faces a major skills crisis due in large part to the rapid growth in mining industries draining the local talent pool. In our region, SunRice faces an acute skills shortage in 'hard' technical and professional skills; 'soft' people, leadership and management capability; and skilled labour including electronics technicians, engineers,

truck drivers, electricians and specialised grain millers. Overall, this labour shortage threatens our capacity to operate, and our ability to operate efficiently.

As consequence of these acute labour shortages, SunRice relies on additional shifts and extended work hours to overcome the skills shortage. For these shortages to not cripple our operation, we depend on the good will of employees and their families to cover the requisite additional shifts and extended hours of work. The remuneration requirements for additional shifts and overtime, which are prohibitively expensive, mean they can only be economically viable as a last resort to satisfy customer orders and other business objectives.

ii. Economic uncertainty due to MDBA plan and drought

SunRice has a strong history of locating professionals in its manufacturing facilities in the Riverina. However, the drought and the Murray-Darling Basin planning process have created significant uncertainty for potential university graduates and professional employees evaluating employment opportunities with SunRice. This has meant an extremely expensive recruitment and training process to fill roles, including targeting skilled migration and graduate placements. The differential in cost and effort to recruit professionals in regional based manufacturing businesses are already significant when compared with the metropolitan markets. The drought and the MDBA planning process have only heightened awareness of potential risks and increased uncertainty for potential employees.

iii. Underemployment among women, young people and Indigenous people

It is a travesty that simultaneously, local underemployment of up to 18 per cent among Indigenous people, young people, women and recent migrants in our community exists. Historically not present in our workplaces, the success of any initiative will require sustained effort, targeted programs and good will. SunRice would be happy to accelerate initiatives with the support and guidance of appropriate agencies.

## **Education and training**

### *On farm*

Rice growers have reported that a major problem with adequately staffing their businesses is the burden of providing training to workers who require higher skills to perform the duties required of them on farm. One facet of this is the very onerous regulatory requirements that require employers to put employees through extensive training courses to conduct relatively basic tasks on farm. Even where farm owners incur this expense, there is no guarantee that the employee will remain in the job long enough to make the investment worthwhile. An example cited by our members is a mandatory five days of training for a forklift qualification in NSW. We consider that the committee should examine the question of mandatory training requirements and whether they that both maintain workplace safety and suit business realities.

RGA members have also criticised the difficulty of navigating the bureaucracy of training institutions when attempting to develop the skills of their staff. For farmers, who in the rice

industry typically employ only one or two people, trying to work their way through an unknown and little understood education and training system can be a very difficult task. In the RGA's view, there is scope for improving the provision of information to farm businesses about accessing programs to assist with workforce development.

Finally, there is a also view among RGA members that too many government resources are directed towards training those who are considered by farm businesses as unemployable, when far more could be achieved at far less cost by investing in improving the skills of those already in paid work. While we recognize the important social safety net considerations that should be taken into account when allocating government funds for education and training support, it is also necessary to target government expenditure on skills development where some economic benefit will flow through to local communities.

#### *Within the SunRice manufacturing and supply chain operation*

SunRice provides training, multi-skilling, accredited training opportunities, apprenticeships and adult apprenticeships to its existing workforce to augment external recruitment. Apprentices were employed most years during the downturn in our industry and consequently we attract the very best young people to our vacant apprenticeships. This year, nine apprentices were employed; two from our existing workforce.

Roles within the company cover the whole spectrum of skill level, from the unskilled worker who might package products, to the semi skilled operators who work in the transport and logistics function and manufacturing areas, to the very specialised millers, food technicians, laboratory workers, packaging specialists and specialist trades workers with the skills to operate in processing environments.

The company deploys 'best practice' training and development strategies and offer formal and accredited training opportunities to an undereducated (in relative terms) regional labour force, the cost of which is at least double that of our urban counterparts. Our manufacturing and supply chain workforce undergo an extensive program of induction, thorough job and task based training and 'core' competencies in the food processing and warehouse and logistics national accredited training packages.

The Agriskills Council, which represents our industry in national forums, could assist SunRice and other regional manufacturers by building the opportunities, image and availability of food processing careers and work within regional Australia.

The Agriskills Council could be directed to fund the review, alignment and inclusion of the full range of rice milling competencies within the new food industry training package. Missed by Agriskills due to our low profile during the drought, the new training package does not offer flexibility to use the range of technical competencies required by SunRice, which in turn reduces our access to funded traineeships and 'skill set' initiatives.

Supervisors, technical and people leaders are in short supply in regional locations, making manufacturing efficiently and competitively in regional Australia a challenge. SunRice supports its employees to undertake professional development, external studies and provides in house

and sponsored leadership and technical training opportunities. However, exposure to an industry standard Manufacturing Management programs for our emerging leaders would allow them to develop technical competencies related to food processing and manufacturing and the management skills relating to be able to manage resources, people and processes. Due to distance from Sydney and Melbourne-based tertiary institutions, these programs have not got off the ground - with insufficient numbers to run a series of programs that would be necessary for shift workers. Even despite our efforts, our labour force suffers from lack of exposure to other 'ways of working', and experience gained elsewhere to benchmark, understand and aspire to best practice in each professional field.

SunRice would welcome professional support for launching 'skill set projects' in regional locations, bringing together employees from more than one business (to counter isolations and size cost effectiveness) in 'skills sets' that combine 'hard' and 'soft' skills and links 'best in class' providers and trainers and speakers to regional locations.

### *Tertiary education options*

It will be clear from other submissions the committee receives that there is a severe shortage of tertiary graduates with agriculture-related qualifications. Given the importance of R&D to ensuring a sustainable agricultural sector through increased productivity, the lack of agricultural science graduates is of particular concern. The rice industry does not intend to repeat the various statistics outlining the extent of this problem, which will be covered in other submissions. However, from our industry's point of view, there is concern that we might face a situation where there is not the human capital available to appropriately spend funds levied from growers for R&D. Even if we do manage to attract suitable researchers to our own industry, across the agricultural sector there will be a shortage of capacity, limiting productivity gains across the board. This issue no doubt will be a priority for the committee. In conjunction with the tertiary education sector, the government needs to establish better mechanisms for attracting students to agricultural courses where demand for graduates far outstrips supply. However, the rice industry recognises that we too need to demonstrate better leadership in this area to promote the opportunities a career in the industry can offer.

### *Secondary education links*

The learning opportunities available at high school level are absolutely critical to a young person's later career path. The RGA and SunRice are concerned that many local schools are not tailoring their vocational training options to match the requirements of local industries. In our view it is absolutely critical that schools in agricultural regions offer the sort of training that matches the needs of that region and provides young people with the opportunity to pursue careers locally. Ensuring that schools are tailoring their vocational training programs for local conditions should be a focus of the committee in this inquiry.

Many students in years 11 and 12 take vocational streams but at this point in time they are not able to elect Food Processing subjects. Core and some specialist units from the Food Processing Training Package could be offered in a Food Processing option, with the requirement to undertake a certain number of many hours of work placement (discussed later).

This would enable youth in the area to understand and experience this type of work, enabling them to enter food processing organizations with valuable knowledge about food safety, quality, OH&S and so on, making them far more ready to work and attractive to employers.

Better promoting careers in the industry to the region's youth could lead to improved retention of local high school graduates in the long and short term. To this end, educating careers advisors about the careers that exist both in agriculture and in food processing within the region is important also, as is strengthening links between them and post secondary institutions (TAFE and universities) offering relevant courses.

As described above, another important aspect of this promotion among the school aged is providing opportunities for work experience/job placements so they can experience these fields, while also allowing industry to preview possible candidates. Fields such as agricultural science, research, food science, and quality management are areas into which we could attract school leavers. The benefit of targeting locally is that although many employees may come to regional areas for a short term, locals are more likely to stay for the longer term. There is for example a similar arrangement for medical students, with each year several placements being offered in local practices to students studying medicine in an effort to attract them to country towns.

### **Attracting workers to rural areas**

A major hurdle to attracting or retaining employees in a rural area are the below par educational and health services in rural communities. Many farm businesses report that potential employees, particularly those with families, regularly express their reservations about the quality of public services in this region. Somewhat ironically, many of the public services themselves find it difficult to thrive for their inability to attract quality employees to rural areas.

As with other agricultural industries based in rural Australia, the seasonal nature of much of the work exacerbates the industry's challenges in a tight labour market. SunRice has a large requirement for casual labour during harvest, and the company's duality as a manufacturing and agribusiness accentuates and compounds the issues of both. The extended drought has broken an established harvest trail that staffed many regional business successively thought the year with a mobile seasonal labour force. Confidence needs to be rebuilt and links between geographically dispersed regional communities and opportunistic networks re-created to rebalance seasonal labour supply and demand.

SunRice would support the appointment of professional advisers, such as workforce planning professionals, who would work with organisations such as ours to develop specific strategies and coordinate activities across synergistic businesses (eg mobile harvest workforce, shared apprentices, and graduate development opportunities). Funding, coordination, marketing and promotion of 'intensive training programs' prior to peak harvest times would also help prepare an attractive pathway to ongoing work and potentially a career in our industry, or one of the industries in our regional network.

## **Concluding remarks**

While the resources industry is underwriting strong growth for Australia, this is to some extent coming at the expense of other industries, particularly in restricting labour availability in rural Australia and in the sorts of roles required by the rice industry from growing and harvesting, to milling and packaging, and moving to markets. Instead of allowing a structural shift to a resource-centric economy to proceed without planning for the need to someday re-balance, governments need to consider creative strategies for supporting a broader economic foundation during this period of capacity constraints from tight labour supply. Some of those strategies must involve assisting manufacturing and agribusinesses to have access to the human capital necessary to remain internationally competitive in the face of strong growth and competition for labour from the resources industry.

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