



SUBMISSION

to

SENATE EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS COMMITTEES

regarding

Higher education and skills training to support future demand in agriculture and agribusiness in Australia.

November 2011

ABOUT THE TFGA

The Tasmanian Farmers and Graziers Association (TFGA) is the peak body representing farmers and, more broadly, agriculture across Tasmania. It is one of the state's foremost and respected lobbying and advocacy organisations.

The organisation was formed by the merger of the Tasmanian Farmers, Stockowners and Orchardists Association and the Tasmanian Farmers Federation in 1980. Since that time, TFGA has earned a formidable reputation as a leader in the identification, development and achievement of policy outcomes - championing issues affecting farmers and dedicated to the advancement of agriculture.

To provide services and networks for the 3000 strong farming community, TFGA has offices in both Launceston and Hobart. We are also a member of a number of relevant state and national industry organisations and use these networks to promote our members' interests and to work on issues of common interest.

Operationally, the TFGA is divided into separate councils that deal with each of the major commodity areas. As well, we have a number of standing committees that deal with cross-commodity issues such as climate change, biosecurity, forestry, water and weeds. This structure ensures that we are constantly in contact with farmers and other related service providers across the state. As a result, we are well aware of the outlook, expectations and practical needs of our industry.

TFGA is dedicated to proactively generating greater understanding and better-informed awareness of farming's modern role, contribution and value to the entire community. The keys to our success have been our commitment to presenting innovative and forward-looking solutions to the issues affecting agriculture, striving to meet current and emerging challenges, and advancing Tasmania's vital agricultural production base.

AGRICULTURE IN TASMANIA

In 2008/9, the farm gate value of agriculture and fishing was \$1.68 billion – which represented c8% of the gross state product. More than 17,000 people were directly employed in farm related activities – which represented around one in every 12 jobs. Taking into account basic multiplier factors, this meant the farm-dependent economy contributes \$5.46 billion (18%) to gross state product and employs one in every 10 Tasmanians.

As well, farmers are actively involved in Tasmania's forestry industry. Private foresters - most of whom are farmers - own 26 per cent of the Tasmania's native forests: 885,000 ha to be precise. There are 1,600 family farms that integrate forestry into their enterprises and they collectively support 5400 full-time equivalent jobs. Production from these private forests contributes \$450 million - \$650 million annually to Tasmania's gross state product.

The vast bulk of our agricultural product is sold interstate and overseas. Farm exports in 2009/10 were valued at more than half a billion dollars (\$527.6m). In addition, a further \$1.458 billion of product was sent to the mainland. This in total represented 28.8% of the state's exports.

Not only that, the sector is one of very few in the state that have continued to deliver improved performance in the long term. Over the past 25 years, the average annual rate of increase in farm gate GDP has been 4%. Over the five year period from 2003/2004 to 2009/2010, the actual increase was a massive 25% - from \$1.35 billion to \$1.68 billion.

These figures clearly confirm the importance of the sector as an economic driver for the state's economy – and also demonstrate that agriculture is a more significant contributor to the Tasmanian economy than it is in any other state. With this in mind, it is clear that Tasmania needs to ensure that the agricultural base of the state remains competitive and profitable.

OUR RESPONSES

The adequacy of funding and priority given by governments at the federal, state and territory level to agriculture and agribusiness higher education and vocational education and training

- There has been a reduction in funding in real terms over recent¹ years from both State and Federal tiers of Government. With the Tasmanian Government mandating a 2.5% reduction for 2012 post-year-10 funding, this reduction is increasing rather than improving². These reductions have led to a shift to full cost recovery for course fees by both the Polytechnic and TSI which is placing access to courses beyond the reach of many individuals and employers unless they are eligible for assistance through a Commonwealth funding stream.
- The adequacy of the current funding is further impacted in Tasmania by the constant restructuring of the post year 10 education system in recent years³. Splitting of the TAFE into separate bodies, namely the Tasmanian Polytechnic and the Tasmanian Skills Institute (TSI), has increased costs and caused confusion in the marketplace. TFGA believes that, despite a shared services arrangement between these two bodies, there is still a drain on the limited funding by maintaining these two bodies as separate entities with no real discernible advantage in doing so.

¹ Tasmanian Skills Institute Annual Report 2011.

² Hansard; Tasmanian House of Assembly; Tuesday 28 June 2011 - Estimates Committee B (McKim) - Part 1

³ In 2009 under its Tasmania Tomorrow initiative the Tasmanian Government abolished the former T.A.F.E. and split its services into two new bodies Tasmanian Polytechnic and the Tasmanian Skills Institute. At the same time they started to transition the existing post-year-10 colleges to Academies. By the end of 2010 this was recognised as a failure and the Government once again restructured this area but retained the Polytechnic and Skills Institute bodies with the former coming under the control of the Tasmanian education department and the latter remaining as an independent statutory body.

The reasons and impacts of the decline in agricultural and related educational facilities

- A lack of demand for specialised agricultural studies has led to a corresponding challenge to the viability of these specialised facilities.
- We need to review the model which is being used to deliver agricultural training in Australia to bring it into line with contemporary farming practices. The model under which most of the current facilities operate is unsustainable and dated⁴. Most farm facilities are not being kept updated due to the financial challenges of operating in an environment where commercial realities are not the driving factor for the farms existence. This has resulted in teachings being delivered in an environment that often has not kept pace with current technology and best practice. One of the ways that this can be addressed is to separate the farm from the training. Rather than focus on making viable and relevant struggling farm education facilities, we need to shift focus to developing strong partnerships with industry to deliver the practical side of programs. This has dual benefits: education is delivered in a 'real world' environment; and stronger partnerships with industry are forged.
- Agriculture in general needs an image makeover. There needs to be a shift in the focus of training from the limited and narrow traditional image of farming to a more relevant and contemporary image. We need to broaden this view to reflect the need for other skills within the industry. Agricultural knowledge could be adopted as a specialised area within another field – for example accountants, lawyers, marketers, HR people, ICT experts, irrigation experts, dam engineers, genetic researchers etc. This can largely be achieved by using agriculture examples in the training structures of those other specialised programs and qualifications.
- Lessons can be learnt from other sectors that are operating successfully. For example, ornamental horticulture has long had a strong demand for placements because the industry is seen as 'sexy'. This indicates that better outcomes can be achieved even in the current environment - but an image overhaul is desperately in need for the rest of the agricultural industry to make it a more attractive proposition.
- The perception of agriculture needs to be addressed much earlier in the educative process than late in the higher education facilities. One such way to address this is to incorporate agricultural based themes into existing school curriculum subjects.

Solutions to address the widening gap between skilled agricultural labour supply and demand

- There is a well documented shortage of labour in the agricultural sector, with an estimated current shortage of 96,000 full-time workers and 10,000 part-time workers⁵. This shortage shows no signs of reducing over the next decade as the baby boomers start to retire and the gap is

⁴ A good example of an exception is Marcus Oldham College in Victoria which has restructured and worked hard at implementing a model that is relevant and modern

⁵ *'Towards a Better Understanding of Current and Future Human Resource Needs of Australian Agriculture'*, AFI 2010

unable to be filled by the incoming labour supply. In short the gap between supply and demand for agricultural shows every sign of widening as the market for labour becomes even more competitive and individuals are able to become even more selective in their choices.

- The demand for skilled labour in the agricultural industry is, not surprisingly, mostly in the intensive farming areas. These requirements should continue to be addressed as a priority.
- There is also a shortage of middle management personnel – an area that appears to attract little attention in most discussions around the agricultural labour shortage. There are some institutions that are helping to fill this gap through programs such as leadership courses but this area needs to be looked at and a training model aimed at middle management needs to be developed.
- Supply of labour is market driven. Farming is competing with industries that are willing and able to attract labour by offering generous salaries. Also, salary packages often include non-cash benefits that are rarely formally recognised as part of overall remuneration eg farm housing etc. Until the farming industry itself recognises the need to become more competitive in this area, and develop targeted salary package options, this is unlikely to change.
- Farmers have traditionally been very poor in promoting training and education in their existing workforce. Whilst this trend is slowly changing, there needs to be a much quicker acknowledgment that an investment in skilled labour is an investment in their business. Farmers need to be much more proactive in helping to develop their own skilled workforce.
- The continuing automation and rapid development in ICT in farming⁶ will alleviate some on-ground labour shortage issues. However, other measures need to be adopted if the gap in supply is to be reversed. It is worth noting that these automation and increasing ICT applications are at the same time opening up a whole new skill demand within agriculture as we seek people able to operate and service these technologies.

The impacts of any shortage on agricultural research

- The debate as to whether adequate funding is allocated for agricultural research in Australia can continue; but in straightened economic times such as these perhaps the best we can hope for is to preserve what we have. However, we certainly need to get smarter about how we use existing resources across the board. We need to look beyond the traditional research model and broaden the scope of research – this should result in a gain through “inadvertent research”.
- There is a great deal of good reliable research being conducted by various countries around the world – we need to look to research in the international arena and see what solutions and innovations it can offer for Australia and how we can adapt this to meet our needs.
- When we are relying on private industry to provide much of the current research funding we need to ensure that we recognise that there is a clear nexus between user pays and user says providing the research platform and this does not necessarily result in the most independent and innovative outcomes.

The economic impacts of labour shortages on Australia's export oriented agricultural industries

⁶ Existing applications such as robotic dairies, GPS controlled farming activities such as cropping, remote control of irrigation and water troughs, satellite monitoring of stock along with developing technologies such as laser fencing.

- This point is not especially relevant to Tasmanian agricultural enterprises at this point in time.

The incorporation of animal welfare principles in agriculture education

- The TFGA believes that these principles already are incorporated into existing agricultural education programs.
- We should also not lose sight of the fact that, whilst these principles are very important, not all agriculture involves animals.

Other related matters

- The face of farming has changed dramatically in recent decades. Today, most properties have moved away from the traditional family farm model, handed down through the generations, operated in the same way and based on knowledge inherited along with the land. Today's successful modern farm is run as a business, often specialising in specific fields utilising scientific knowledge and innovative practices.
- If the future demand for education and skills training is to meet industry demands, then any model adopted must not just reflect the needs of a successful modern farming enterprise but also be proactive in looking at future needs.