

Submission to the Inquiry into Rural Skills Training and Research

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Background

Horizon Rural Management is a firm which involves four agricultural consultants advising farmers on all aspects of agronomy, livestock husbandry and business management. As part of this 'package' of services, we have run many training events on subjects as diverse as Labour management, Succession Planning, Soil Health and Precision Farming.

In this submission, I do not want to examine in detail the terms of reference, but have some comments relating to several aspects of education and training in the rural sector.

The business management skills of farmers

According to ABARE farm surveys, more than half of the farmers in Australia do not make a profit. But despite the poor overall result, the top performing farms (top 25%) continue to make profits, in excess of 10% return on capital invested.

These figures confirm our view that a major problem in Australian Agriculture is a lack of management skills. But it is more than skills! ***The most important problem on Australian farms is that too many farmers do the same thing as they did last year!***

They are not alert to the need to fine-tune, to cut poor performing parts of the business, to optimise the use of capital and to make the most of opportunities to change and expand the business. The *good* farm manager is always thinking about how to do things better. He will discuss ideas with others and continually tests new ideas on his farm.

The *poor* farm manager has other concerns on his mind: the price of fuel, whether he can afford to use fertiliser or whether to protest against the latest round of deregulation? He always has something more to do out in the paddock and does not find time to spend on gathering new ideas and on marketing and management.

The main difference between these two managers is more about ***attitudes*** than ***skills***.

The challenge is to involve farmers and their organisations across Australia; to inspire them, to develop resources, refocus programs and formulate plans which can reverse this trend of declining farm profitability.

This challenge is important in view of the general failure of current efforts to achieve results in terms of improved business management. Some of the problems are:

1. The focus on 'titbits of technology', by researchers, farmers and most of their advisers, overshadows and diminishes the time spent on management. Technology is competing for farmers time with no one championing the need for studies on management.
2. Management is poorly understood, and most initiatives in helping farmers to improve skills are focused on poor concepts of management or peripheral subject areas such as record keeping and budgeting.
3. Vocational training (VET) modules being used for management training are often bad models because they foster a mechanical approach to management – do this and you will be a better manager. There is no 'attitude' component.

4. Farmers stay away from training in business management, mostly because they do not see a need for it. There is no motivation or peer recognition it is a good thing to do. However, part of the problem is that business management training is generally woeful and not conducive to helping farmers achieve better results.
4. Little attention is given to the need to adjust to changing conditions and for farmers to change attitudes as well as skills. There is not enough inspiration or motivation.
5. Farm leaders tend to focus on external factors affecting farm profit and excuse farmers for not managing drought and not making a profit. They do not provide any peer motivation to spend time on management.

There needs to be improved efforts in farm business management training in Australia, a refocus on the subject with contributions from managers and practitioners (not more input by academics), an effort to provide inspiration and peer motivation and delivery by people with experience in management, not young government employees on short-term contracts.

Back to the *Terms of Reference*

1. *The availability and adequacy of education and research services in the agriculture sector, including access to vocational training and pathways from vocational education and training to tertiary education and work.*

Training has generally been available to meet demand. The main problem is the lack of demand for training in the management skills area. Very few people see a need for training, but worse still, most of the training does not help.

2. *The skills needs of agricultural industries in Australia, including the expertise and capacity of industries to specify the skills-sets required for training, and the extent to which vocational training meets the needs of rural industries.*

Farmers who are 'switched on' are generally well skilled. But they do not go looking for vocational training to keep up-to-date. They generally learn by asking people (advisers, researchers and equipment suppliers) for information and demonstrations and by going to half-day or one-day field days.

Farm workers learn mostly on the job. There is scope for more skills training in this area, but most farmers do not want to release staff for any length of time.

A significant problem in the farm sector is the 'old model' of being skilled in everything – the farmer and his worker are mechanics, welders, truck drivers, boom spray operators, computer operators, book keepers etc.

The agricultural colleges fall into this trap to some extent. When I went to Gatton College many years ago, I learnt how to mouldboard plow, grow potatoes, slaughter a sheep, preg test a cow, weld and a host of other activities which would have been largely irrelevant, even if I had gone farming. The colleges, urged on by farmers who want the employee with everything, still try to do too much and spend too much doing it. Perhaps this is why the Ag colleges in Queensland have been spending way over budget. They have too many instructors trying to teach a multitude of skills in small groups.

A better model is to have a skills passport, whereby a trainee may specialise in his chosen field (eg crops, livestock or horticulture) and cover a basic number of options, the

skills for most of which he obtains in practical work on farms. The colleges could then offer a range of specialist training options on such things as Precision Farming, Preg Testing, Welding and Chemical handling to both their new graduates, old farm hands and farmers, as add-on workshops. These extras are then added to the skills passport which the employee can use when changing jobs or seeking a pay rise.

3. *The provision of extension and advisory services to agricultural industries, including links and coordination between education, research and extension.*

Extension has been the subject of much review and re-organisation in recent years as government extension becomes irrelevant and increasingly overshadowed by private sector advisers. In most rural areas, private sector advisers outnumber government advisers by 4 or 5 to 1 and many private advisers visit as many farms in a day as the government extension officer might visit in a week.

A second problem has developed. Government researchers have less contact with advisers and farmers and research is suffering problems of relevance and application.

4. *The role of the Australian government in supporting education, research and advisory programs to support the viability and sustainability of Australian agriculture.*

The Australian government has a good model for supporting research around Australia, by way of subsidies on farmers' research levies. If they wanted to do more to support education and advisory programs, they could 'add' extra money to the research levy budgets of such groups as GRDC and RIRDC, and give them the task of funding such programs in an integrated fashion with the research that is going on.

The problem with such a solution is that the GRDC's of this world are focussed on the race for technology improvement, while half the farmers in Australia are going broke. Extra money for an 'add-on charter' might help to rectify some aspects, such as communication and implementation of research information, but may not address the management skills/attitudes problem.

This problem should not be left to Colleges or Universities. They have variously ignored it and bumbled around with it for many years. New initiatives are required, with commitment and peer acknowledgement by farm leaders.

As for our small contribution. We have developed an Advanced Diploma in Rural Business Management which will help farmers develop new skills and new plans for their farms in eight important areas (Production, analysing business performance, strategic planning, marketing, human resource management, conservation (EMS), estate (succession) planning and risk management.

These subjects are taken directly from the current Training Packages. The frameworks are there - the challenge is to develop information and a curriculum which can lift the management skills of farmers a notch or two to keep them competitive in the future. Support from the Commonwealth Government via Farmbis (after much delay) will soon be available again to help encourage more farmers to take part in such studies and planning.

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