

**QUEENSLAND GOVERNMENT SUBMISSION
TO THE
HOUSE OF REPRESENTATIVES STANDING COMMITTEE
ON AGRICULTURE, FISHERIES AND FORESTRY**

INQUIRY INTO RURAL SKILLS TRAINING AND RESEARCH

INTRODUCTION

Over a period of many years Queensland, like the rest of Australia, has been diversifying its economy. While rural industries account for a smaller proportion of Queensland's Gross State Product (GSP) as a consequence of diversification, the value of rural industries continues to grow and remains critically important to Queensland's economy.

A key priority for the Queensland Government is to improve economic growth and quality of life by focusing on education, skills and innovation. A number of Government agencies play important roles to ensure that this priority is serviced. These include the Departments of Employment and Training (DET), Primary Industries and Fisheries (DPI&F), Education and Arts (DEA), State Development and Innovation (DSDI) and Communities (DC). The activities of DET and DPI&F are of particular relevance to the provision of training and research to the rural sector.

DET is the principal government agency responsible for delivery of Vocational Education and Training (VET) in Queensland. Central to the delivery of VET across Queensland is a network of public providers consisting of 4 agricultural colleges and 15 institutes of TAFE.

One of the key roles of DPI&F is to promote sustainable industry development and strengthen the profitability and viability of Queensland's primary industries. Sustainable industry development requires the flexibility to adopt innovative systems and practices so as to respond to changing conditions. Primary industries do not operate in isolation, but are part of a larger and evolving value chain and a culture of learning is essential to industry development. Through DPI&F managed training programs such as *FarmBis*, a culture of ongoing learning is being promoted.

Skill shortages across many industries now threaten future economic growth. As a response to this challenge, many fundamental changes are occurring in Queensland with regard to the provision of Vocational Education and Training (VET). Consequently, this Inquiry has the full support of the Queensland Government. It is suggested however, that consideration be given to expanding the scope of the Inquiry to include an examination of underlying IT infrastructure (such as broadband telecommunications), as this is vitally important to training delivery in rural and remote areas.

While this submission will focus on rural skills training and research, it is important to first understand the broader context in which these issues need to be managed. Consequently, a summary of the broader VET agenda in Queensland is provided, along with a discussion of the state's four agricultural colleges and their unique history and role in providing training to the rural sector.

VET in Queensland

Queensland's VET system is a critical component underpinning economic growth in the state. Increasingly, in an environment characterised by skill shortages, the challenge for the VET system is to provide targeted training that directly supports economic growth. While the issue of skill shortages and the associated risks to economic growth are complex, it is clear that:

- Governments, industry, communities and individuals need to work more closely together so as to act in a highly coordinated manner; and
- TAFE institutes and agricultural colleges must become more responsive to the rapidly changing training needs of industry.

A number of current *SmartVET* initiatives are exploring innovative ways to better target training. Some examples include:

- Skilling Solutions Queensland - an integrated employment and training service that will better match skills and jobs;
- Skill Formation Strategies (SFS) - developed in partnership with industry, government, union and regional and community leaders to ensure a comprehensive understanding of skills supply-demand; and
- Industry Training Partnerships - enabling industry to work in partnership with government to rapidly re-skill the existing workforce.

The Queensland Government is about to release a discussion paper which outlines a number of proposals to ensure that the skills required to support future economic growth are available to industry. Globalisation and rapid technological change require much greater responsiveness and adaptability from industry and government institutions providing services to industry.

In this rapidly changing environment, TAFE institutes have struggled to adapt to provide the service now required. Modernising TAFE institutes and agricultural colleges is high on the Queensland Government's VET agenda. Current developments with regard to agricultural colleges are not only of particular relevance to the rural sector, but also provide a timely case study of how training organisations might be modernised to better serve the training needs of industry.

Agricultural Colleges

Queensland's agricultural colleges are registered training organisations dedicated specifically to the provision of agricultural training, and so play an integral role in the Government's strategy to provide agricultural training to rural industries. The *Agricultural College Bill 2005* has just passed through the Queensland parliament and is awaiting royal assent. The Bill will effect significant changes to structure and operations of the colleges and a brief history of the colleges is warranted.

The agricultural colleges were established (the first in 1967) as residential schools to provide an alternative to senior schooling for students who were interested in pursuing rural careers. The colleges had their own properties and production facilities and students received a two year, highly-practical agricultural training course. Major delivery sites were situated in the Burdekin, Dalby, Emerald, and Longreach with each specialising in agriculture that suited the environment and climate of the region in which the colleges were located.

An examination of colleges in 2004 revealed that they had changed little over time despite the enormous change to industry, the economy and society generally. Colleges, for example, still expended almost their entire government grant funding on a traditional two year, entry-level program for school leavers. As a result, colleges had little capacity to respond to the other training demands of rural industries and local communities.

Each college was governed by a board of trustees and the performance of college boards varied considerably. There was often little alignment between the priorities of government and those of college boards.

In July 2004, the Minister for Employment, Training and Industrial Relations announced a review of agricultural colleges in response to a growing number of corporate governance, financial management and training delivery problems. The extent of these problems was so great that the viability of two colleges was at considerable risk. Rural industries are worth over \$9 billion dollars to the Queensland economy and the Minister was not prepared to risk a decrease in the provision of training to the rural sector by the failure of one or more colleges.

The major findings of the review provide an overview of the problems confronting the colleges:

- delivery of training far in excess of requirements to entry-level students – over 50 per cent of students across the four colleges received two-and-a-half times the amount of training recommended under the national training package for the qualification in which they were enrolled
- a reluctance or inability to use funding to meet priority rural training needs within the regions in which individual colleges are located
- significant amounts of state public funding being used to train interstate students

- failure to meet commitments in relation to the delivery of training to apprentices and trainees through the User Choice Program
- inability to determine the true costs of fee-for-service training or farm production activity
- difficulties in complying with the requirements of the training regulatory environment

Subsequent to this review, serious financial concerns about the viability of the Dalby Agricultural College resulted in the Minister dismissing the College Board and appointing an administrator in its place.

The *The Agricultural College Bill 2005* will amalgamate the four colleges as a corporation sole constituted by the Director-General of the DET. The amalgamated college, the *Australian Agricultural College Corporation* (AACC), will be a statutory body and retain considerable autonomy and flexibility by not being part of DET. However, the closer links with DET will ensure that the strategic direction of the AACC is aligned with that of government. The AACC will also have greater access to Departmental services and expertise. In addition to annual government funding of over \$15 million for training, over \$7 million will be provided to the AACC to meet the costs of amalgamation. This includes \$3 million for an upgrade of IT infrastructure.

There is a clear agenda for the AACC to become a responsive organisation that can quickly adapt to the changing training needs of rural industries. The new senior management team of the AACC will be charged with transforming the organisation from one which has generated a static supply of skills, into one that is dynamic, efficient and highly valued by rural industries for its ability to change with their needs.

The experiences of the AACC will no doubt inform the strategies designed to modernise TAFE institutes over the coming years.

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.

The agriculture sector in Queensland is experiencing skills shortages, despite reasonable training output by the VET sector. TAFE institutes deliver significant amounts of rural training – especially in amenity horticulture – in addition to the training provided by the four agricultural colleges. FarmBis training, often utilising private providers, complements the training service to rural industries by providing customised, managerial-level training.

Demand for and attractiveness of careers in rural industries is low for a range of reasons beyond the scope of this inquiry. The age profile of rural industries confirms the difficulties associated with attracting and retaining young people to rural industries (see table below).

	< 25 years	> 54 years
All Agrifood Industry	16.2%	19.6%
All Industry	18.2%	12.5%

Monash Centre of Policy Studies, June 2004

If rural industries are to continue to grow in an environment of skill shortages, it is clear that the productivity of the existing workforce will need to increase, while on-going efforts are made to attract more youth. This will require an increasing emphasis to be placed on providing skills to existing workers in rural industries.

Agricultural colleges have always – and will continue to do so as the AACC – offered a clear pathway for young people to move from school to employment in rural industries. They provide high-quality, practical and accredited VET through involving students in their production activities. This simulates a realistic, working environment and makes graduates highly prized by industry. During the consultation phase of the review of agricultural colleges, students without exception, communicated that they had made a deliberate choice to attend an agricultural college for the practical skills offered and the relevance of these skills to employment. Agricultural colleges were not chosen by students as a pathway to further study at a university.

Most other states and territories do not offer this kind of training due to the high costs involved and increasingly, Queensland's agricultural colleges have been training high proportions of interstate students. In 2003, interstate students comprised 50% of the entry-level students at Longreach Pastoral College. This highlights the need to nationally expand this clearly defined pathway to employment outcomes. As the AACC responds to the other training needs of rural industries, this capacity to train students from interstate will be reduced.

Another important characteristic of the training provided to youth by agricultural colleges, is that this training occurs in rural locations. It is well documented that if young people move from rural communities to coastal centres to receive an education or training, they are much less likely to return to the rural workforce. Anecdotal evidence from agricultural colleges suggests that the vast majority of graduates remain a part of the regional workforce.

Pathways to work are also provided by VET in schools programs and Education Queensland is enhancing its rural services through a Rural and Remote Framework for Action. This framework aims to drive improved educational and training opportunities for students, teachers, schools and communities in rural and remote areas. Innovative programs include:

- expanding curriculum choices and career education services for students through the Virtual Schooling Service using state of the art data, audio and video conferencing technologies; and
- coordinating the delivery of Years 11 and 12 educational and training programs for geographically isolated students from selected regional Schools of Distance Education (SDE) to enhance access to academic and vocational education programs that reflect student aspirations and regional employment opportunities.

As for all industry sectors, the degree of participation will be influenced by factors such as history of engagement with the training sector, attitudes to qualifications, relevance of the training to sustained profitability, access, cost and time available to complete course requirements.

An effective response to a number of significant challenges depends on reforming public providers of VET in Queensland. For rural industries, this reform begins immediately with the creation of the AACC. In developing a new business model, the AACC will consider the following:

- DPI&F report that many older producers are reluctant to participate in training where they expect that they would be required to undergo a formal assessment, preferring to access information and skills development through less formal knowledge networks. This group needs to be recognised in flexible training provision.
- There is a benefit in registered training organisations identifying emerging industries and specialist occupations and the skills sets required for these. By working with highly innovative agribusiness firms to determine how they are innovating and maximising profitability, specialist skill mixes could then be offered as training for other enterprises. Skills combining law and agriculture, finance and agriculture, marketing and agriculture are examples of possible skill sets that could be offered to improve productivity across rural industries.
- Computer-based training, particularly for refresher courses, may offer choice in levels of participation, according to time available and degree of interest in achieving formal recognition. E-learning provides flexibility for isolated participants, but a more successful approach

includes face-to-face sessions with trainers pre- or post- the e-learning process. This dual process has been referred to as 'melded' delivery.

- Extension and advisory services offer skills development over a range of levels, and while there are opportunities for primary producers to receive recognition of prior learning (RPL) the perceived complexity of the RPL process appears to act as a deterrent.
- An approach whereby participants opt to forego the assessment component, and are charged accordingly, may result in more efficient use of training resources and meet the solution-focus of the agriculture sector.

Key Issues / Recommendations

1. VET in school programs and agricultural colleges provide clear pathways for young people wishing to begin careers in rural industries.
2. Obtaining a more accurate picture of the training and education needs of rural industries is required in order to deliver more targeted and relevant training. Delivery options need to be broadened in order to suit the needs of participants.
3. The amalgamation of agricultural colleges as the AACC begins the reform of public providers of VET necessary to deliver targeted training to existing workers in rural industries so as to improve productivity and profitability.

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.

Skills Needs of Agricultural Industries

Information collected across all primary industries throughout Queensland, indicates a significant need for skills-sets relating to the sustainability of small and medium business enterprises. Currently the major focus of training packages for agricultural industries is on production and on-farm skills, rather than business management requirements. Strategic whole-of-farm management planning, risk management, succession planning and natural resource management are examples of the skills required and it appears that there are few trainers in these fields. The Queensland FarmBis State Planning Group has identified the need for management training at Certificate IV and higher levels.

The training and education needs of the agricultural sector appear to be diverging from the training and education provisions under the scope of the Australian Qualifications Framework (AQF). Consequently, the agricultural sector is seeking training, extension and advisory services that are not

necessarily aligned to the AQF. For example, most clients of extension and advisory services tend to place priority on a solution over a qualification. This situation has created an impost on training providers, research and development agencies and industry groups as they attempt to bridge the gap.

State and National industry training advisory groups are formed to enable rural industries to inform governments of the training needs of industry. In Queensland, the Queensland Rural Industries Training Advisory Council (QRITC) has extensive and well established networks with all rural industries so as to capture rural training needs across the state and across industries.

The creation of an advisory board to the AACC will strengthen the existing capacity for rural industries training needs to be identified. Membership of the advisory board will consist of key industry personnel and the board's terms of reference charge the board with identifying rural training needs and examining how to better translate the latest research findings into current training practice.

Training Packages

The development of rural training packages is industry driven and operates on a three year cycle of review and modification. Specific national training packages directly relevant to the primary production sector include Rural Production, Amenity Horticulture, Conservation and Land Management, and Animal Care and Management.

However, many competencies in other training packages are essential for the development of profitable primary production enterprises. Despite significant industry input into the development of training packages, there is considerable feedback from industry concerned with the inflexibility of packaging rules. Greater flexibility in packaging rules would enable the incorporation of capacity building for rural business in areas such as business development and key elements of sustainable industry growth.

More generally there appears to be a need to complement the formal three-year training package development cycle with a parallel process that occurs 'on-site' and in response to specific or developing enterprise training needs. Such a process should allow the development and addition of relevant units of competency to training packages and thus inform the formal development process.

Skill Formation Strategies

The Queensland Government's *SmartVET* strategy is funding a number of innovative initiatives to ensure that the training system better supports economic growth. One such initiative, Skill Formation Strategies (SFS), is being developed for selected major employment sectors and key regional locations around the state. The reasons for the existence of skill shortages in

particular industries are the result of complex, interacting factors and the supply of training is only one of many. Employment conditions, remuneration and industry attractiveness are examples of non-training issues that contribute to the development of skill shortages. SFS have arisen from the recognition that all of the causal factors behind skill shortages must be considered holistically if solutions are to be found.

An SFS will be developed in partnership with industry, government, union and regional and community leaders to ensure a comprehensive understanding of skills supply is obtained. This understanding will enable the VET system to work in concert with industries and communities to provide skilled labour to areas experiencing critical shortages.

Key Issues / Recommendations

4. The existing competency-based system of nationally accredited training packages needs to continue to become more flexible in order to better meet the training needs of rural industries.
5. The formal, three-year development cycle of training packages needs to be complemented by a parallel system that permits greater innovation and thereby enables accredited training to become more responsive to industry needs.
6. Skill Formation Strategies promote the joint 'ownership' of problems regarding skill shortages. They enable the VET system to develop effective links with industry and the community, thereby ensuring a coordinated, complementary approach to addressing skill supply problems.

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

Extension and Advisory Services to Agricultural Industries

Primary and rural industries are characterised by the capacity to form efficient knowledge networks to address issues of profitability. These knowledge networks consist of small and medium sized enterprises, providers of extension and advisory services, and providers of training. Such networks share sets of generic characteristics in that they:

- are often regionally based yet consist of small, isolated enterprises;
- require active maintenance and are based on long-standing relationships between individuals; and
- need to work in a highly integrated fashion – pest management skills, for example, need to be acquired by all in order to maximise the benefit to all individuals.

Training providers that are not part of these networks face a barrier to entry because the time required to develop a knowledge of the network results in higher costs per participant.

DPI&F-led extension and advisory services have long-established and active relationships within these networks. DPI&F services are perceived as a valuable resource to these networks, by being able to tailor their services to the knowledge base and immediate needs of each participant. These services directly support sustainable profits and contrast with the greater rigidity involved in the provision of accredited VET competencies.

Initiatives such as the DPI&F-managed FarmBis, which provides accredited and non-accredited training, allow primary producers to access information and training that meets their immediate needs and also provide an opportunity to identify the type of training sought by the agribusiness sector. FarmBis enables access to timely, flexible and customised responses to issues impacting on enterprise profitability and therefore provides an important aspect to overall training delivery.

There is need for greater transparency in the way extension services are funded as they move to fee-for-service. It is appropriate that research and development corporations have a greater role in supporting the uptake of innovative practices resulting from research and development without further cost imposed on industry. There is a perception that the research and development corporations, which receive significant funding via industry levies, have resulted in industry paying twice – firstly for the cost of the research and development component, via levies, and secondly, for their utilisation of extension services.

Coordination between Education, Research and Extension

The Rural Industry Learning Committee (June 2001) and MCEEYTA have identified the need for a closer working relationship between the VET sector and Primary Industries Standing Committee agencies (PISC) to cover industry requirements. This finding is endorsed by the Queensland Government and supported by the service requirements expressed by client groups.

While the search for immediate solutions to issues drives demand for extension and advisory services, changing the primary production environment requires training solutions that address medium and long-term problem solving and risk management skills. This is clearly a VET sector issue yet there are only a few trainers, some in the private and some in the public sector, providing training to meet these important needs.

Redressing this type of shortcoming is the type of issue that will be high on the agenda of the AACC. Improvement in this area could be further supported by the AACC and DPI&F working more closely together. To date a closer working relationship has not been sought because of the limited

capacity of agricultural colleges to respond to this type of training demand. Partnerships with universities could also enhance the delivery of regionally relevant extension and advisory services, and the maintenance of regionally based corporate and institutional knowledge.

Key Issues / Recommendations

7. The training requirements of rural industries range considerably. At one extreme is the need for short-term, solution-based advice that enhances business sustainability. This demand is participant-driven in response to the need for immediate business solutions. At the other extreme is the need to change the primary production environment by increasing the capacity for risk management and problem solving. Participants may only vaguely perceive this need.
8. Rural industries would benefit from much closer links between the VET sector and the providers of advisory, extension and research services.

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

The Queensland Government has identified many of the issues raised in *Skilling Australia*, a directions paper produced by the Commonwealth Department of Education, Science and Training (DEST). Queensland's *SmartVET* strategy provides funding for a number of practical initiatives to achieve better outcomes for the money invested in vocational education and training. This strategy is consistent with the directions being explored by the Commonwealth.

The rural sector is unique in a number of ways that are important to any consideration of providing skills to rural industries.

- It is a relatively small sector in terms of employment, yet it makes a disproportionately high contribution to the wealth of the nation.
- The workforce is highly de-centralised which requires the supply of specialised training over a broad geographical range.
- Much of the training required is generally highly practical in nature and not easily delivered using computer technologies.
- Key rural industries are organised and marketed on a national rather than a state basis.
- Rural industries are possibly the most volatile of all sectors in terms of their propensity to be affected by external conditions. Drought, fluctuations in commodity prices, and disease incursions are difficult to predict and can all have dramatic impacts on the sector's contribution to GDP. Additionally, other factors such as a boom in the resources sector, can also affect rural industries by being highly competitive in

terms of attracting workforce participants, often to the detriment of the rural sector.

It is these characteristics that result in the delivery of agricultural training being expensive and challenging. As a result, the provision of agricultural training has diminished in recent years due to agricultural colleges across the country having either closed, merged with universities or ceased delivery of full-time, residential courses.

The creation of the AACC will ensure the survival of the agricultural college in Queensland and modernise the business model used to deliver agricultural training. Better economies of scale, a new governance structure and an industry advisory board will increase efficiency and responsiveness, and better target training to the needs of industry.

However, due to the unique characteristics of rural industries identified above, and due to the decrease in agricultural training supply, there is a need for national coordination of the training provided to rural industries. The AACC will provide training to rural industries throughout Queensland and also provides an opportunity for the Australian Government in that, if the provision of agricultural training in other states is limited, additional federal funding could enable the AACC to provide a nation-wide training service.

The Australian Government's proposal, in *Skilling Australia*, to include a strong focus on the outcomes of training, is fully supported by the Queensland Government. Performance indicators currently used, principally Annual Hours Curriculum (AHC), provide too crude a measure of performance to be meaningful. AHC's simply measure output, and the simplistic assumption that "more is better" may well be driving behaviours that are undesirable – namely, training for the sake of training. It is suggested that a suite of performance indicators that measure training output and outcomes would provide a meaningful measure of performance and may form the basis of future funding agreements. The Commonwealth and the states need to work collaboratively to produce a model that best suits the needs of all and promotes desirable behaviours among training organisations.

As mentioned earlier in this submission, training package development needs to be re-examined for better ways to balance quality assurance issues with issues around flexibility and responsiveness. The Australian Government has a lead role to play in any such development.

Key Issues / Recommendations

9. The formation of the Australian Agricultural College Corporation secures rural training services in Queensland and is a significant reform to a public provider of training.
10. Training for rural industries requires national coordination, and with additional Australian Government funding the AACC can develop the capacity to provide agricultural training across the nation where supply is limited.
11. A stronger focus on measuring training outcomes is supported, as is the development of more flexible training packages.

