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AGRIFOOD
SKILLS AUSTRALIA

Submission to the inquiry of the Standing Committee on Education and Employment into the role and operation of the TAFE system

April 2013

Overview

To contribute to Australia's continued global competitiveness, and to build a world class, highly productive workforce, the agrifood industry needs a flexible, dynamic and responsive training system that guarantees the current and future skills requirements of our people. This requires a strong connection between VET providers, researchers, and industry, with the overriding objective being to produce competent people with the capability to do the industry job they are trained for.[1]

AgriFood Skills Australia (AgriFood) is the nation's key independent, not-for-profit body on skills and workforce development for the agrifood industry. It is one of eleven Industry Skills Councils (ISCs) established by the Australian Government. AgriFood is led by industry, funded by Government and is responsible for driving the skills and workforce development agenda across the agrifood industry.

AgriFood works in partnership with industry, governments, communities and the education system to address the following strategies and priorities:

- building enterprise productivity
- supporting high quality delivery and assessment of skills
- improving industry image and career pathways
- driving industry leadership and sound policy.

The agrifood industry recognises that the population must understand the importance of agribusiness to the community and that only with an educated and skilled population can Australia meet the challenges of maintaining its standard of living and food security.

Background Facts on the Agrifood Industry

Australia's agrifood industry is comprised of five major sectors:

- food processing, beverages and pharmaceuticals;
- meat processing and retailing;
- seafood – wildcatch, aquaculture, processing and retail;
- agriculture, horticulture; conservation and land management, and animal care and management;
- racing – thoroughbred, harness and greyhounds.

Within these five major sectors, there are 43 sub-sectors covering the entire food supply chain.

The agrifood industry:

- comprises 180,000 mostly small to medium sized enterprises has a workforce of more than 840,000 people, with approximately 57% based in regional Australia
- generates over $230 billion each year and accounts for around 20% of Australia's export earnings
- grows and produces over 89% of Australia's domestic food supply and exports 80% of total gross value;
- one Australian farmer produces enough food to feed 155 people.

[1] AgriFood Skills Australia, *Mind the Gap: Why agrifood's future in the Asian Century is far from assured* 2013 Environmental Scan

Economic Outlook

Australia is the world's 12th largest economy by gross domestic product and will have a predicted value of over $1.5 trillion in 2013. Its nearest neighbour, Asia, is now on course to becoming home to the world's largest concentration of middle class by 2030.

"For sectors that comprise the agrifood supply chain, the awakening of a new urban middle class Asia represents the largest single defining factor in shaping the future of our industry thanks to its demand for protein, conspicuous consumption and proximity to our northern shores. Many of our enterprises are world class and already trading well in Asia.

In the last five years Australian wheat exports to China have risen tenfold, from A$44m to $457m. In the same period cotton exports rose from $281m to $1.8b, meat exports from $55m to $250m and wine exports from $49m to $209m".[2]

In view of Asia's growth, many in industry and government regard the agrifood industry as one with untapped potential to grow and one that is more critical than ever to Australia's economic prosperity. Treasury cites the current resources boom as our 'first wave' response to Asia's growth, the second wave being *"agricultural products like fruit, dairy, high-grade meat and seafood,"* especially as the demand for protein increases.

However, there is a significant gap between current business and supply chain capability within several agrifood sectors and what the agrifood industry must do to compete effectively in these emerging markets. Traditional business models and the existing skills base lack the agility and productivity to compete in a dynamic, evolving environment.

Australia remains a high-cost producer with high input, compliance and labour costs along with high terms of trade. Speed-to-market of research on new products and processes, which could offset many of these costs, is slow and continues to erode cost/benefit ratios. An ageing workforce, outdated image, regional and remote focus all contribute to a perception that makes attraction of a skilled workforce problematic. Australia has world class companies that produce world's best food, fibre and performance animals, but the community including school leavers contemplating a career often have a negative view of the industry.

Many in the agrifood industry believe there is significant potential ahead but warn there are 'great concerns' in the near term and that many people will be forced to walk away from the industry as an increasing gap emerges between long-term global food trends and the reality of the current operating environment where rising production costs, a consistently high dollar and supermarket discounting wars erode profit margins.

Further, continuing closures in the food processing sector are removing a key link in the agrifood value chain through which bulk commodities are transformed into higher value produce with greater profit. Without a robust food processing sector, which is not an industry quickly rebuilt, producers remain vulnerable to easing commodity prices and domestic price wars.

Across all major food and grocery categories, prolonged and aggressive price competition has resulted in lower prices being demanded from suppliers and retail price deflation in some key staples.

Structural Changes

Agrifood sectors are midway through widespread structural adjustment as part of a broader reshaping of the national economy. Numbers of Australian farmers have fallen by 32 per cent in the last 15 years as landholders consolidate and corporatisation grows.

The workforce is ageing and predictions are that by 2018, 33.4%, or over 102,000 of the current agriculture, forestry and fishing labour force, will be aged over 65 years and 56.2% will be aged over 55 years.

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2 AgriFood Skills Australia, *Mind the Gap: Why agrifood's future in the Asian Century is far from assured*, 2013 Environmental Scan

Newly proclaimed Marine Protected Areas, market domination by the retail duopoly, the Murray Darling Basin Plan, and competing priorities for arable land are all changing the face of industry.

Weak businesses are being culled, while stronger ones innovate and seek efficiencies from every component of a shortening supply chain.

Business models are rapidly changing as companies look to offload investment heavy and labour intensive parts of their operations by engaging contractors on an 'as-needs' basis. This in-turn is giving rise to a new generation of small businesses and will have an ever increasing impact on skilling needs, delivery and funding policy.

Overseas ownership, while sometimes controversial, is welcomed in many quarters and brings with it new levels of investment, a global business outlook and much needed career pathways within larger organisations.

Australian agrifood sectors have traditionally been dominated by family enterprises, cooperatives or statutory authorities. However, many small family businesses are now closing down or selling out and larger ones are adopting a corporate business model with professional management teams, external directors, board of management and external equity. Cooperatives have now moved to a corporate model and/or have been taken over by investors. Multinational conglomerates now own 19 of the top 20 food companies.

Challenges

People working in the agrifood industry face an unprecedented need to upskill as jobs become more technical and demand greater knowledge. The once pyramidal industry – comprising owners and a mass of low level operators – is becoming diamond in shape as technology and automation continues to remove low-skilled job roles and a new breed of technicians, para-professionals and specialist contractors grow to form a critical, highly capable broad band of workers.

Managers across the various agrifood sectors face the greatest transition of all - **steering companies through structural adjustment whilst at the same time driving efficiencies, seeking new markets and retaining their social licence with consumers.**

World class natural resource management skills – soil, water, biodiversity and biosecurity – are required for businesses to survive. Animal welfare and ensuring consistent practices throughout the supply chain are at the forefront of industry priorities.

High levels of interconnectedness generate risk, as problems in one part of the supply chain can easily cascade to all, particularly around food safety and animal welfare. **For most operators in the supply chain, risk management is now a first order skill and overriding context within which decisions are made and job roles performed**. Synchronisation of data between trading partners and the capacity to quickly isolate and confine damage in the event of recalls can save both reputation and financial exposure of large sections of the supply chain.

The right workforce development and training will be necessary to meet these challenges. Funding policy will need to meet industry requirements, TAFEs and private RTOs must be flexible to meet industry needs and quality delivery and assessment will be paramount for industry to "trust" the system.

Agrifood Industry Priorities

AgriFood Skills Australia's 2013 Environmental Scan identifies the following five priorities for industry, governments and the education and training system:

- Building world class business and leadership capabilities, entrepreneurial skills, marketing and global supply chain management skills and Asia-relevant capabilities which collectively, shape and drive dynamic enterprise development and profitability;
- Attraction of greater numbers of people to the industry with sufficient aptitude to replace an ageing workforce. Cadetship pathways for technicians/para-professionals, industry supported

recognition programs for new migrants and cross-industry pathways to and from the resource sectors need to be established;

- Widespread upskilling in new practice and new knowledge is urgently needed by existing workers in response to a changing policy environment, new work practices and to lift productivity levels. **Publicly funded delivery of Skill Sets, and skill sets identified by Registered Training Organisations (RTOs) in response to individual needs, must be made broadly available (as distinct from one-off funding via short-term programs)**;
- Poor speed-to-market of publicly funded research findings continues to be one of the major constraints in substantially lifting agrifood productivity levels. Para-professional/technician job roles, which are responsible for the bulk of application of new practice and knowledge, are trained through the VET sector. It is at key intervals during their training that trainers and researchers/extension officers from the co-funded R&D sector must partner to provide context, theory and application in one learning process and enable students to spearhead dissemination and application back at the workplace;
- Coherent, committed and informed industry leadership is much needed given the vast number of industry bodies that exist at a commodity, local, state and national level. The loud voice of peak bodies as advocates of workforce planning and champions of the 'employer of choice' concept is much needed.

Terms of Reference – Inquiry into the role and operation of the TAFE System

The Standing Committee on Education and Employment has set out the following terms of reference:

- the development of skills in the Australian economy
- the development of opportunities for Australians to improve themselves and increase their life and employment prospects
- the delivery of services and programs to support regions, communities and disadvantaged individuals to access training and skills and through them a pathway to employment;
- the operation of a competitive training market;
- those jurisdictions in which State Governments have announced funding decisions which may impact on their operation and viability.

1.0 The development of Skills in the Australian Economy

1.1 Building a World Class Highly Productive Workforce

"To contribute to Australia's continued global competitiveness, and to build a world class, highly productive workforce, the agrifood industry needs a flexible, dynamic and responsive training system that guarantees the current and future skills requirements of our people. This requires a strong connection between VET providers, researchers, and industry, with the overriding objective being to produce competent people with the capability to do the industry job they are trained for".[3]

Immediate and collective action over the short, medium and long term is required by the tertiary sector, governments and industry to ensure that the agrifood workforce has the capability and productive capacity to optimise the opportunities arising from the new markets opening up in Asia and globally.

Tertiary education sector providers in vocational education and training need to ensure that their qualifications and delivery methods remain relevant to the rapidly evolving job roles within industry. This will require TAFE and private RTO trainers to undertake professional development and to maintain relevance to a fast-changing agrifood industry.

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[3] AgriFood Skills Australia, *Mind the Gap*: *Why agrifood's future in the Asian Century is far from assured* 2013 Environmental Scan

VET qualifications are designed and maintained by industry through the rigorous development and continuous improvement process for nationally endorsed Training Packages. Development of courses within the VET sector, and the extent to which industry consultation occurs within that process, is typically reliant on the individual faculty and varies considerably within and between institutions.

Higher education institutions including TAFEs have been slow to reconceptualise their pedagogical approach and products in line with evolving models for learning – particularly more collaborative approaches with bodies that operate in the knowledge transfer space.

Recommendation 1.1

Develop 'flagship' undergrad programs and short courses through VET/higher education partnerships which combine business management, agrifood innovation and entrepreneurship, supply chain management and cultural competence required for the Asian market. Specifically:

- *New products based on non-degree structures delivered in short, targeted blocks to respond to the incremental learning culture of the industry and the current demand for up-skilling of existing workers and managers;*
- *New joint VET/ higher education programs which bring together knowledge and practical application for emerging para-professional job roles and without penalty under state based entitlement models;*
- *Concurrent delivery of VET and higher education where learners undertake higher education subjects at the same time as vocational subjects;*
- *Learning approaches and promotion to learner cohorts other than Generation Y.*

1.2 Adoption of Higher Level Skills and Knowledge

While the agrifood industry is a knowledge intensive industry with a highly evolved informal learning culture, formal education and training to date within the industry has not been a widespread priority. New thinking and knowledge has for many sectors been accessed freely through timely and highly relevant extension services. Within family businesses, knowledge transfer has been almost seamless and regional communities play a significant and frequently undervalued role in sharing information and knowledge.

As a consequence, levels of formal education in the agrifood industry have fallen well behind the community at large and Australia's international competitors. However, the high tech nature of modern agrifood, high levels of compliance, complexities of business and marketing produce and high expectations of environmental management now make the case for higher levels of education and training much stronger – especially with the decline in the extension services that were previously delivered across the country.

The agrifood industry is facing an urgent need to up-skill its existing workforce.

Yet at this critical time for both the agrifood industry and the tertiary education sector, compliance costs, marketisation and reduced funding levels are forcing RTOs to make hard business decisions to retain profitability. These are already impacting on the provision of agrifood qualifications to several sectors and especially those requiring delivery in regional locations and in thin markets.

The rigidity of public funding models for delivery of training and governments' steadfast policy commitment to full qualifications continues to erode the relevance of VET to the agrifood industry at a time when these sectors most need to build their skills base.

The agrifood learning culture is typically incremental, socially embedded and occurs over a lifetime – a defining characteristic that the industry has consistently promoted to governments over a number of years. The agrifood industry remains sharply critical of the persistent refusal of funding models to fully embrace delivery of Skill Sets.

This flaw in current funding models also ignores hard research[4] which confirms skill sets serve as a stepping stone to the completion of full qualifications for many students.

Recommendation 1.2

Drive higher level skills and knowledge adoption within the agrifood industry through funding the delivery of Skill Sets, units of competency and full qualifications.

1.3 Quality Delivery

The agrifood industry's ability to maintain its competitive advantage and to drive productivity gains within expanding and changing global markets and operating conditions is being compromised by inherent inadequacies and inconsistencies in Australia's education and training systems.

Of major concern to the agrifood industry is the variation in the quality of VET teaching and assessment delivered by public training providers and private RTOs throughout Australia.

It is vital that courses offered by TAFEs and private RTOs reflect industry needs. Trainers must have current industry knowledge and be equipped with the skills to deliver it via a range of appropriate delivery modes.

Measures to date seeking to address quality in teaching, learning and assessment in the VET sector, have failed to prioritise the requirement for professional development for VET teachers in developing learners' adaptive capacity and to adequately address Foundation Skills, e-learning and the delivery and assessment of higher level qualifications.

The VET system must improve focus on quality delivery and assessment. ISCs are working to update Training Packages that will provide enhanced guidance for RTOs on delivering quality teaching, learning and assessment but the national VET regulator must also work with RTOs to support this.

Recommendation 1.3

TAFE and private RTOs be supported to enhance quality teaching, learning and assessment that meets the needs of industry and provides industry with confidence in the national VET system.

RTO teachers be required to undertake ongoing professional development to maintain their relevance to a fast-changing agrifood industry.

1.4 New and Emerging Job Roles

New job roles across agrifood sectors at para-professional and technician levels are rapidly emerging in response to the need for deeper knowledge and higher level skills in sustainable practice, water management, precision agriculture, and animal performance, breeding and nutrition.

Currently, there are no employment based training pathways to support entry into these new job roles as they sit at a higher skill level than typically associated with Australian Apprenticeships.

There is strong support for agrifood cadetships as a means of removing outdated perceptions; practically it is seen as a means of giving people an attractive, well-defined pathway into some of the most challenging and rewarding jobs.

Connections of cadetship programs with relevant Cooperative Research Centres and Research and Development Corporations will enable learners to spearhead greater 'speed to market' dissemination of research findings and new knowledge on the ground.

Recommendation 1.4

Establish agrifood technician/ para-professional cadetships in new and emerging job roles such as Animal Technicians; Field Technicians; Irrigation Agronomists and Primary Product Inspectors that are supported through quality training delivered via TAFE.

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4 NCVER, *Workforce skills development and engagement and training through skill sets*, 2012

1.5 Continuous Improvement

Several agrifood industry sectors come under close scrutiny by regulators and consumers given their integral role in animal welfare, the environment and food security. Within these sectors, job roles or processes can be subject to wide-sweeping and immediate regulation, compliance and as a consequence, changed practice. While national qualifications can respond with relative speed to reflect new requirements, industry has serious concerns about the training system's capacity to then implement the requisite changes in a timescale that does not jeopardise business compliance.

As a minimum, industry is looking for the publicly funded system to respond to an annual update of any 'continuous improvement' to the Training Package. RTOs are currently required to transition from superseded Training Packages within 12 months of their publication on the national register. However, this teach-out period is just one part of the timeline which increases further once in-session endorsement by the National Skills Standards Council and implementation/purchasing guides have been prepared and put in place by the jurisdictions. RTOs have requested the frequency of continuous improvement be carefully managed given the compliance costs incurred when new versions of a qualification or Training Package are endorsed and the need for RTOs to update supporting resources for delivery and assessment.

Recommendation 1.5

The national VET system including TAFEs and private RTOs respond to changes in Training Packages within improved timeframes to ensure teaching and learning are reflecting the latest industry practices.

2.0 The Development of opportunities for Australians to improve themselves and increase their life and employment prospects

The agrifood industry recognises the need to portray itself as an industry of the future rather than one of the past.

Promoting contemporary, emerging job roles and giving young people the opportunity to experience the real multi-faceted agrifood industry, remains paramount. **The industry needs to promote not only the immediate job, but the opportunities that can then unfold into other sectors, specialisations and countries.**

2.1 Attraction of New Workers

The agrifood industry recognises the need to portray itself as an industry of the future - one in which its young workers can now make a positive contribution to global challenges such as reducing carbon emissions, improving water management, restoring biodiversity, and lifting the nutritional and long-term health standards of the population.

The industry is committed to promoting contemporary, emerging job roles and giving young people the opportunity to experience the actual multi-faceted agrifood industry.

Education and training institutions have a role to play in repositioning agrifood as one broad industry with great diversity and common challenges rather than a series of narrow, unrelated disciplines that infer limited occupational mobility.

Recommendation 2.1

Partnerships between industry and the VET sector be strengthened in order to promote agrifood as a multi-faceted industry with diverse, science and technology-oriented careers that can make a difference locally and globally.

2.2 Build attractive, broad-based learning experiences into industry for school leavers through VET in schools and industry placements

VET delivery in schools continues to be well supported by schools but there is room for improvement by industry for work placement of students. VET in Schools is a term freely used to describe two very different pathways for the delivery of Training Package qualifications. School-based traineeships or apprenticeships are a pathway for students with a firm view of their future vocational career path. By comparison, students often choose school-based delivery of a Training Package qualification just to gain a better understanding of an industry and to count towards their Certificate of Education. VET in Schools continues to account for around 10% of all agrifood learners.

AgriFood Skills Australia's consultations confirm research[5] that VET in Schools is weakened by a lack of trust and investment from employers and industry, misconceptions about the validity and rigour of schools' vocational programs and a lack of capacity in schools to provide the necessary career advice to support effective vocational choices. While work placements are cited as an ongoing issue, **there is an urgent need to establish an approach that gives students undertaking vocational education in schools more systematic access to structured workplace learning opportunities – a need echoed by VET providers more broadly**. Industry cannot bemoan the quality or work readiness of students if it does not actively create an environment where they can gain those skills.

Suggestions from practitioners that 'broader vocational qualifications at Certificate II' could increase the number of students interested in agrifood careers mirror comments from industry. A broad-based learning experience that focuses on contemporary job roles in the context of big issues with which industry is now synonymous, is viewed as having real merit in turning around perceptions and providing valuable skills should the student choose to progress.

Recommendation 2.2

VET in school programs continued to be funded to expose students to the agrifood industry and develop pathways into the workforce, and where appropriate be delivered by TAFE.

3.0 The delivery of services and programs to support regions, communities and disadvantaged individuals to access training and skills and through them a pathway to employment

3.1 *Ensure government programs aimed at building industry's capacity are mapped to units of competency/Skill Sets as appropriate*

Many government policies are being introduced to support industries through a period of profound structural change. In some instances, the introduction of policy has in itself become a driver of change as governments seek to alter behaviour, for example, the Australian Government's adoption of the Clean Energy Plan. At their most elemental, policies that relate to agrifood are often around lifting the capabilities of the workforce and building the business management capability within individual enterprises. **Driving widespread adoption and giving quick effect to policy with implication for skills and knowledge has far greater chance of success where mapped to the relevant Units of Competency, Skill Sets or Qualifications within the relevant agrifood Training Package.** Where skills are not covered, they can be readily developed and incorporated through the formal continuous improvement process as has been the case with the current Drought Reform initiative and new Skill Set due for endorsement in 2013.

By further distilling policy into the actual implications for skills and knowledge, the VET system across Australia can be quickly empowered to become an active partner in industry's capability building.

3.2 Increase language, literacy, numeracy capabilities and digital literacy of the existing workforce

The 2006 international Adult Literacy and Life Skills Survey (ALLS) found that approximately 40 per cent of employed and 60 per cent of unemployed Australians had poor or very poor (Level 1 or 2) English language, literacy and numeracy (LLN) skills. Level 3 is regarded as the 'minimum required for individuals to meet the complex demands of everyday life and work in the emerging knowledge-based economy'.

These figures echo the on-going concerns of agrifood employers and training providers regarding capabilities of new entrants and existing workers; concern which continues to grow given proficiency

5 NCVER 2012, Entry to vocations: the efficacy of VET in Schools by Kira Clarke, University of Melbourne

will dictate the workforce's capacity to absorb higher level skills being demanded right across the sectors.

Across agrifood, moves to address the LLN challenges continue to be compounded by:

- the small size of the majority of enterprises and their physical proximity to training providers
- the sometimes seasonal, casual and part-time nature of employment
- the culturally diverse nature of the agrifood workforce
- the concerted 'over-time' nature of LLN skills acquisition
- the level of awareness among employers of the relationship between LLN and broader productivity.

While there are views that the enormity of the problem is a failing of the school system, it is a far more complex issue. One-sixth of the Australian workforce was educated overseas. Most stakeholders recognise that LLN is not something that will ever be fully resolved. There is however, real potential for it to be markedly reduced if enterprises start to more readily accept that LLN is an issue for which they need to take some responsibility.

Moving forward on LLN will require industry peak bodies and associations to play a major role in:

- De-stigmatising the whole image of LLN with employers by messaging it as central to productivity and that it makes smart business sense
- Growing enterprise and worker demand for support.

Recommendation 3.2

Funding for improvements to LLN training and development be central to future government workforce and training policy.

4.0 The Operation of a Competitive Training Market

Labour shortages – particularly skilled labour – continue to constrain the potential of industry.

To meet these labour shortage challenges, VET funding models must support delivery of training on-time and in regions where the training is needed. If the agrifood industry faces its most defining period, so too does the tertiary education sector. **Marketisation of the sector, student entitlement and compliance costs are all converging to create an environment where TAFE and private RTOs must make hard business decisions in a bid to retain profitability.** The impact on the provision of agrifood qualifications is already becoming apparent with thin markets becoming more prevalent, which in turn jeopardise the quality of facilities, resources and teaching staff, and ultimately, the viability of delivery.

The implications of student entitlement policy on enrolment numbers for an industry that already struggles with attraction is yet to be fully understood as jurisdictions progressively work towards its introduction. Restrictions around entitlements for those with pre-existing qualifications continue to work against an industry that is demanding higher level skills of its workers and further deters engagement of the industry from the formal training system.

With the advent of a student demand-led system in higher education and increasingly in VET and the associated move away from the rationing of student places, it has become more difficult to anticipate the future supply of qualifications. In this environment the development of ISC Environmental Scans outlining up-to-date industry intelligence for priority sectors will remain a critical element in meeting our workforce needs.

Reductions in the funding rate by a number of jurisdictions (for qualifications and/or student contact hours), and the removal of Certificate II traineeship incentives (see below), have further compounded **a tough environment with reports that a number of TAFEs and RTOs are reducing their scope of registration or pulling out of delivery altogether**. In the six months to December

2012, the meat sector alone reported that 10 of its 69 RTOs had withdrawn from delivery of the Training Package, and that based on current policy settings, the number of RTOs with scope could fall below that which is needed to effectively service the industry.

Certificate II traineeship incentives

Removal of standard commencement incentives for Certificate II traineeships remains a major area of concern for those industries where certificate II serves as the legitimate entry level qualification to the workforce. Effects of the May 2011 decision are starting to be felt with employers reportedly being encouraged by TAFEs and private RTOs to enroll students directly into a current certificate III qualification – this is not only inappropriate but also leaves a trainee with little chance of demonstrating the on-the-job assessment requirements given their job role sits at a lower level.

While recognising that nominated equity groups still qualify, it is considered to be a decision with poorly understood consequences for sectors such as horticulture, food production and meat processing which traditionally 'grow their own' senior people from certificate II qualifications. Between 2010 and 2012, numbers of trainees enrolled in certificate II agrifood qualifications fell from 5,820 to 4,385.

Recommendation 4.1

VET funding models must support training delivery that is on-time, in locations that meet industry needs, in regional Australia where thin markets are prevalent, and that acknowledges that certificate level II training is an industry accepted entrance for some industries such as agriculture, horticulture and meat processing.

5.0 Those Jurisdictions in which State Governments have announced funding decisions which may impact on their operation and viability

5.1 Agricultural Education

Agricultural education and training has been under the spotlight of governments over the last two years following widespread calls for action on declining student numbers and the loss of teaching expertise.

In September 2011, the Senate referred the matter of 'Higher education and skills training to support future demand in agriculture and agribusiness in Australia' to the Senate Education, Employment and Workplace Relations Committee for inquiry and report. Its final report was tabled on 21 June 2012 with 11 recommendations which included:

- The committee recommends that the Department of Innovation, Industry, Science, Research and Tertiary Education reviews the impediments to seamless national delivery of agriculture and agribusiness education in the Vocational Education and Training sector
- The committee recommends that the Department of Innovation, Industry, Science, Research and Tertiary Education consult with state and territory agencies and relevant industry bodies to determine the most appropriate delivery model for Vocational Education and Training in the agricultural and agribusiness sector with a view to ensuring adequate funding which will deliver the most effective training outcomes for employees and employers alike
- The committee recommends that the government facilitates the development of a national peak industry representative body for the agricultural production and agribusiness sectors.

At a state level, the Victorian Government is due to respond to the 'Inquiry into Agricultural Education and Training in Victoria' by May 2013. The final report was tabled in November 2012 with 45 recommendations which included that the Victorian Government:

- provide greater support and flexibility in funding and delivering skill sets to the agriculture sector
- review the feasibility of allowing individuals whose highest qualification is over seven years old to access subsidised training places under the Victorian Training Guarantee

- promote the importance of business and human resource skills and also health, wellbeing and safety education to training providers and the agriculture sector
- work with industry associations within the agriculture sector to develop a workforce development plan for the whole of the Victorian agriculture sector

And that

- VET and higher education providers continue to work together to improve pathways between agricultural VET and higher education courses
- industry associations within the agriculture sector work collaboratively at the national level to develop a promotional campaign aimed at improving the image of agriculture amongst the community.
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The NSW State Government has also commissioned an independent review of agricultural education and training and will submit its final report and recommendations to Ministers by 30 June 2013. The review will consider the appropriateness of agricultural education and training in the NSW school and tertiary sectors, as well as career opportunities and workforce needs for the sector.

Effective collaboration between all governments and between education and training providers and industry is required if attraction issues and declining student numbers are to be addressed. **While jurisdictional interventions are much needed to meet local needs, many of the most critical issues span both state borders and sectors, and require seamless policy settings with common approaches rather than a spectrum of similar but different activities which can be both confusing and dilute the impact of limited resources**.

5.2 VET funding reform

There has been a persistent decline in funding per annual student hour, and where total funding is failing to keep pace with the substantial growth in full-time equivalent students. The Productivity Commission reports a 14% decrease in government expenditure per student annual hour between 2006 and 2010. A review of funding in the VET sector is needed to determine an appropriate price for the delivery of high-quality VET.

Australia needs a national and broad-based approach to VET workforce development. Skills Australia's 2010 report, *Skills for Prosperity*, recommended that there should be a national workforce development strategy for the VET workforce that would elevate the issue as a central national priority.

Industry demand for qualifications is not static and caution against limiting access to public funding for more than one VET qualification needs to be considered carefully. This approach may prevent people from retraining in crucial areas, especially due to structural adjustments in the economy. In addition, for casual and contract workers, and individuals on low incomes who may be in jobs with little opportunity for progression or improved pay, it may be difficult or even impossible to afford an additional qualification for a new industry or occupation. Restrictions to the funding of individual learners may stifle the adaptive capacity needed for the future world of work.

The 2012 Australian Workplace and Productivity Agency and Industry Skills Councils' *Future of Work Conference* highlighted the shift from the conventional employer–employee relationship towards new models where businesses source the skills they need, as and when they need them, to get the work done. Under these arrangements many more 'employees' operate more as independent agents, and through the internet, workers offer their skills in a global marketplace as well as bidding for jobs that employers are seeking to fill. In this situation the contractor may have little money to spend on training. This raises the question of who should pay and who can afford to pay for training— governments, individuals or employers. This issue is becoming of increasing concern to the agrifood industry as traditional business models change to meet global challenges.

Recommendation 5.2

That governments review their entitlement systems to ensure any restrictions to publicly subsidised qualifications do not undermine the capacity of individuals to adapt to changes in the labour market, particularly where industry is undergoing structural change and that the VET system respond to changing business models and employment practices through appropriate funding models.

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