

Inquiry Submission

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Attachments

Attachment A - 'Skill Needs for the Rural Industry'

Attachment B - Rural and Related New Apprenticeship Statistics

Please note: Attachments are included as separate email attachments

(a) areas of skill shortage and labour demand in different areas and locations, with particular emphasis on projecting future skills requirements;

In March 2001, a report 'Skills Needs for the Rural Industry' developed with funding under the Government's National Industry Skills Initiative was presented to then Minister of Education, Training and Youth affairs, the Hon. Dr David Kemp MP. The Report includes the most recent detailed analysis of rural industry skill and labour shortages and was produced under the guidance of a Rural Industry Working Group, chaired by Mr Wayne Cornish, Deputy President of the National Farmers Federation. While the Report focussed on four discrete commodity sectors: - wool production; viticulture; production horticulture; and cotton the findings are generally considered to apply across most agricultural sectors. In respect of current and future skills needs the Report concluded that –

“Both skill gaps and skill shortages were identified in rural industries. Skill gaps imply a need for upskilling within the existing enterprises and workforce, while skill shortages occur when skilled job vacancies are hard to fill at reasonable wages and conditions.

Specific skill gaps and skill shortages were identified in the four rural industry sectors under analysis, and a number of factors were identified that influence the supply and demand of skills in rural industries. These include differential changes in output and productivity across industry sectors, variations in employment prospects and farm incomes, an ongoing need for replacement and improvement in the skill base because of the age and gender profile of the workforce, poor technology uptake and a range of education and training needs. Training needs related to on-farm training in language, literacy and numeracy and new farming methods and technologies, training in finance and management, new management skills and office practices and more flexibility in Training Packages. There is a need to implement the available flexibilities in arrangements for New Apprenticeships in the rural industry. There is also a need for cross-sectoral or cross-occupational training and cross-industry vocational training.”

(Extract from Executive Summary)

For the information of Committee Members an electronic version has been included at Attachment A.

The Report also detailed a range of initiatives and recommendations to address high priority issues relating to: -

- Marketing and promotion;
- Attuning the VET system to the training needs of industry;
- Making New Apprenticeships work for the industry;
- Developing young people for careers in the industry; and
- Addressing skill gaps and shortages.

Employment projections indicate little growth in overall employment numbers for the industry, but factors such as an aging workforce, population shifts away from rural areas and fewer people choosing rural careers makes maintaining current employment levels a difficult task. With an expected growth in industry labour requirements for more skilled workers, its widely expected that all sectors of industry are likely to face continuing difficulties in resolving both existing and future skills and labour shortages.

Prior to the drought, severe labour shortages existed for full time employees at all skill levels in most areas and for seasonal workers, in particular for;

- Production horticulture – seasonal labour skills, plantation skills, management
- Viticulture – middle management, supervisors, managers
- Wool – shearers, shedhands
- Tractor operators – seeding, harvesting
- Deregulated Dairy sector
- Northern Australia Beef Cattle production

Unfortunately the worsening drought conditions gripping most areas across Australia exacerbate difficulties in developing and implementing strategies to combat existing skill shortages and impact substantially on planning processes to meet future skill and labour demands. Droughts tend to create smaller labour pools in rural, regional and remote areas as many workers are forced into alternate employment, when available, or to relocate to other areas and many never return to the area or industry.

Many industry people are expecting that many sectors may take 3 -5 years to recover from the current drought, such is its severity. This time frame indicates that future training efforts will need to focus on both new entrants at entry level and above and further upskilling of current staff to meet projected requirements. Improved approaches to water and fodder conservation will undoubtedly be a high priority.

There are also worrying indications that the seasonal harvest labour supply, long supplemented by overseas workers either on working holidays or skilled workers here during the off season in their country of origin may be drying up. For example, pay and conditions in New Zealand's rural industries are now similar to those in most areas of Australia and the dollar rate differential between the two countries no longer provides a big incentive. There have been instances where some Western Australian producers have paid the airfare for NZ workers and their working dogs to attract skilled seasonal employees.

b) the effectiveness of current Commonwealth, State and Territory education, training and employment policies, and programs and mechanisms for meeting current and future skill need and any recommended improvements;

From a rural industry perspective, it is difficult to provide a comprehensive assessment of the effectiveness of current government education, training and employment policies and programs primarily because of the difficulty in obtaining accurate and meaningful statistical information on industry's current level of involvement in specific programs and the varying priorities, approaches, target groups and available resources within jurisdictions.

Nevertheless it should be noted that various Commonwealth and State/Territory government agencies do provide useful funding and program support to assist and improve industry's ability to identify, develop, implement and participate in strategies, processes, programs and mechanisms to meet their current and future labour and training needs.

A whole of government approach, in conjunction with peak industry associations would provide scope for better coordination of Commonwealth and State efforts for meeting industry's current and future skill needs. A continuing difficulty for primary producers is the lack of coordination and cooperation between levels of government and between agencies in the same level of government. Cross border issues could be anticipated and addressed.

Commonwealth Government funding assistance provided by the Department of Education, Science and Training (DEST) to the National Farmers' Federation and Rural Skills Australia in recent years has allowed Rural Skills Australia, working in conjunction with industry, the NFF and its member bodies to: -

- Undertake a range of activities identified in the Skills Needs for the Rural Industry Report. A highlight of this work has been the development and distribution to every high school across Australia of the interactive Rural Careers CD-Rom 'ONTrack'. This CD was specifically designed to raise awareness among Career Advisers and students of the varied career options available and to enhance the image of rural and related occupations.
- Make a significant contribution to raising rural and related industry participation rates in the Government's very successful New Apprenticeships programme. For the information of Committee Members, New Apprenticeship commencement statistics in rural and related industries for the last five financial years have been included at Attachment B.

The operation of the New Apprenticeship programme, with varying levels of State/Territory Government support and supplementary funding assistance, has provided an excellent mechanism to assist industry and individual employers improve their capacity to train new entrants and upskill their existing workforce.

However a significant impediment to greater rural industry participation is an ongoing reluctance of governments at all levels to acknowledge and commit the required additional resources to adequately service thin training markets across wide geographical areas. Many agencies looking to provide services in rural and remote locations often receive payments based on the costs of providing similar services in major regional centres or metropolitan areas. There is a tendency for many service providers to meet the needs of local (town/city) industries to satisfy contractual requirements, often at the expense of rural and remote client groups. This is clearly evident in the approaches adopted by many Job Network providers, New Apprenticeships Centres (NACs) and Registered Training Organisations (RTOs).

Despite this program's success, another element of its operation that should be modified relates to the practice adopted by various State and Territory Training Authorities of charging or approving the charging by RTOs of delivery fees for the off-the-job training component of New Apprenticeships.

The Commonwealth through ANTA or other means should put pressure on State and Territory Training Authorities to enhance the capacity of RTOs to accommodate and fund New Apprenticeship delivery, through the allocation and application of sufficient Commonwealth resources, so as to negate the requirement to levy individual New Apprentices for delivery fees ranging from zero to \$800. If fees are appropriate and necessary a consistent fee should be charged rather than the diversity of fees currently charged. NSW currently does not charge or levy such fees for traineeships.

Another approach that could be adopted by the Commonwealth would be the establishment and introduction of a fees rebate scheme or a special New Apprenticeship training fees payment for New Apprentices in Rural and Regional Australia to compliment the existing Rural and Regional Incentive paid to employers.

Commonwealth funding through AFFA's FarmBis programme has undoubtedly made a significant contribution to expanding the skills' base of primary producers across Australia. As a targeted initiative, it has worked particularly well, however access to the program is restricted to actual producers and not their employees. Some modification to the FarmBis guidelines to allow farm employees to access FarmBis funded training may provide the capacity for more appropriate responses to emerging skill shortages at the local or regional level.

An example of useful government support for rural Australia will be the Commonwealth's Department of Employment and Workplace Relations (DEWR) proposed Harvest Labour Information Service (HLIS). The HLIS will be provided by a contractor commencing 1 July 2003, and this service should provide an invaluable tool to disseminate information on harvest and seasonal vacancies as an adjunct to the Job Network arrangements.

(c) the effectiveness of industry strategies to meet current and emerging skill needs;

As a general rule the majority of peak industry bodies, commodity councils, sector organisations and unions lack the necessary financial resources to engage personnel to focus specifically on the development and implementation of appropriate strategies to resolve or ameliorate skills and labour shortage and related issues. However many have demonstrated a willingness to actively participate in government initiated and funded activities looking to address these issues. The active involvement of senior industry representatives on the Rural Industry Working Group established under the Government's National Industry Skills Initiative, clearly demonstrates their interest and commitment to pursuing these important matters. Ongoing government funding assistance will be required to allow that group, or a similar group established under a coordinated whole of government response to industry skill and labour shortages to continue to influence policy and programme development in this area.

In recent years some large individual rural enterprises/companies have adopted best practice human resource management and training practices, as means of improving their capacity to tackle head-on skill and labour shortages that are or are projected to impact on their business performance. This has involved seeking accreditation and registration as a RTO with the appropriate State or Territory training authority. Because of costs this approach is restricted to large firms and provides little, if any relief or assistance in resolving skill and/or labour shortages for small to medium sized businesses or individual employers.

Over the last three years, Rural Skills Australia has worked with Golden Circle to promote their 'Kid Start Farms' initiative which is aimed at encouraging employer and school student participation in part-time agricultural School Based New Apprenticeships. Up to fifty \$1,500 special employer incentives have been made available by Golden Circle each year during this period. Golden Circle is committed to continuing this initiative during 2003.

During 2002, Australian Wool Innovation Limited (AWIL) developed and endorsed a funding proposal that committed AWIL to contribute \$2.85 million a year for the next ten years to shearer and wool handler training. For the proposal to proceed, a supplementary government contribution of over \$1 million per year was required. The current status of this proposal remains unclear, following the election of a new AWIL Board and the absence of a reply from government at both the Commonwealth and State levels. The proposal was seen as a practical means of resolving wool industry dissatisfaction and concern about the varied and inconsistent training options within jurisdictions and the levels of government funding available to meet its training needs.

With financial support from industry, commodity councils and the Westpac bank, Rural Skills Australia will shortly release a new and expanded 'ONTrack' Rural Careers CD-Rom to further enhance the image of rural and related occupations.

In line with the suggested whole of government approach to industry skills and labour shortages detailed in section (b), one possible approach to improve industry's capacity and effectiveness in developing appropriate strategies would be to trial a form of joint Commonwealth/State Government funding for specific human resource positions within industry bodies like ACCI, AIG, NFF and their State/Territory affiliated bodies to work specifically on tackling current and emerging skills issues.

(d) the performance and capacity of the Job Network to match skills availability with labour market needs on a regional basis and the need for improvements;

Irrespective of the current performance or capacity of the Job Network there is little doubt that the capacity for direct government involvement and coordination in matching skills availability with labour market needs on a regional basis has diminished since the Job Network's introduction. The contracting out of employment services, and the replacement of labour market programs, with programs with limited education and training components has seriously reduced the capacity of the new arrangements to play a significant role in addressing skill and labour shortages. While perhaps more cost effective for filling vacancies and handling the long-term unemployed, the new arrangements appear to preclude direct government and industry involvement in implementing strategies at a local or regional level to tackle skill and labour shortages.

The value and impact, if any, of the Government's Network of Area Consultative Committees (ACCs) in addressing skill and labour shortages on a regional basis remains unclear. As a rule, Rural industry participation on ACCs and related regional development boards is limited. DOTARS requirements for ACC endorsement and support for lodged funding proposals under the Regional Assistance and related Programs, together with their associated bureaucratic processes effectively restrict rural industry access to funding assistance to pursue initiatives to address skill and labour issues on a regional basis. Perhaps the DOTARS guidelines for those programs could be modified to allow for peak industry bodies, like NFF, ACCI, AIG or their affiliated bodies, to endorse proposals in place of the ACCs.

(e) strategies to anticipate the vocational education and training needs flowing from industry restructuring and redundancies, and any recommended improvements;

The dairy industry's recent experience with industry restructuring and deregulation highlights the absence of appropriate and workable strategies to anticipate and plan for the vocational education and training needs of a sector following such an activity. Stakeholders and governments driven by competing priorities are compelled to focus on the processes and activities required to effect the restructuring, with little apparent regard for what may confront the industry/sector on the other side of the process.

Any industry restructuring process should include a planning phase that focuses specifically on the impacts on the existing and future workforces, the likely skill and labour force requirements post restructuring, and the anticipated education and training requirements that may stem from the restructuring process.

Consultations with industry sources indicate that there is a strongly perceived need to overcome the impact of compliance costs on the profitability of farming. The compliance costs associated with government policies relating to employment matters: - unfair dismissal, workplace health and safety, workers compensation, and superannuation are seen as discouraging the employment of labour generally. Better mechanisms are required to ensure that skill shortage and employment related issues are more adequately addressed in the development, legislating and implementation of policies that impact on farmers.

(f) consultation arrangements with industry, unions and the community on labour market trends and skills demand in particular, and any recommended appropriate changes.

Industry input to and cooperation with progressing training reform and enhancements to existing training arrangements, in particular the development and implementation of National Training Packages, has been positive and effective. These development processes have involved extensive consultations between industry associations, unions, individual employers, registered training organisations and the wider community primarily under the umbrella of the Australian National Training Authority's (ANTA's) Industry Training Advisory Body (ITAB) structures.

Recent decisions taken to streamline and rationalise ITAB structures at both the national and state/territory level, with a view to establishing more effective and reliable mechanisms for obtaining industry advice, may provide in the longer term improved consultative arrangements for industry, unions and governments on labour market trends and skill demand. However during the transition phase to the new arrangements (twelve – eighteen months) one avenue for obtaining intelligence and advice on emerging skill and labour shortages, particularly at the State and Territory level, has effectively been removed. Commonwealth Government financial support provided to peak industry bodies like NFF, ACCI, AIG to participate in consultative forums and to maintain networks of education and training advisers may provide a useful mechanism to allow for continued industry involvement in these important processes.