



Submission to the

**Victorian Parliament's Education and
Training Committee's Inquiry Into
Agricultural Education and Training**



September 2011

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Executive Summary

Primary Skills Victoria (PSV) welcomes the opportunity to provide input into the Victorian Parliament's Education and Training Committee's *Inquiry into Agricultural Education and Training in Victoria*. The submission expresses the view of the PSV Board and highlights the concerns and hopes of an industry that is vital to the Victorian economy.

PSV embraces the concept of a skilled workforce is one that will reinforce its capacity to thrive in an increasingly competitive global market place. The agriculture sector contributes significantly to the Australian economy and has demonstrated over the decades its capacity to increase productivity and adapt to internal and external forces.

The industry is however at a crossroad and, while governments around the country espouse agriculture's significance, there seems to be a lack of coordinated commitment to overcome the inertia that has plagued the industry. Agriculture has a vital role to play now and into the future and the stark reality is that it is an industry with all the hallmarks signalling it is in its twilight rather than growth.

This submission attempts to identify the obstacles confronting the predominantly rural and regional Victorian agriculture workforce and proposes strategies that will reinject confidence into and an ongoing engagement with our future agribusiness professionals.

Key Recommendations

PSV proposes the following recommendations to address issues identified in this submission.

1. That a specialist regional agricultural training facility be developed that will provide an integrated senior secondary/Vocational Education and Training environment.
2. That high cost, high value agriculture training programs must attract funding incentives through a targeted 'weighted loading' system to ensure that sectors seen as thin markets are adequately serviced.
3. That the Victorian training system realigns its position with the AQF designation of the Senior Secondary Certificate of Education (SSCE).
4. That the Certificate II is seen as a distinct vocational outcome eligible for subsidised government funding.
5. That traineeships in agriculture are exempted from the VTG eligibility criteria.
6. That an injection of recurrent government funding be provided to ensure PSV's capability to adequately maintain and promote ongoing industry engagement and workforce development across the Primary Industry sectors.

7. That PSV is provided with additional funding and resources to ensure that delivery and assessment standards maintained by RTOs are in accordance with industry standards.
8. That an RPL funding model that differentiates training from skills recognition be applied.
9. That Skills Victoria instigates a capped funding model for RPL whereby a maximum of 30% of total government funding is released where less than 70% formal training and assessment is undertaken.
10. That Skills Victoria instigates an industry audit of RPL assessment in agriculture to determine the veracity, rigour and industry standards applied.
11. That Skills Victoria fund training based on hours of training and assessment delivered and not on nominal hours as published in the Victorian Purchasing Guides.
12. That a "sunset" period of seven years is established that allows workers to access subsidised training to re-skill and replace outdated qualifications.
13. That there is a reappraisal of the current eligibility criteria for existing workers with qualifications and that a credit based system is implemented to encourage retraining.
14. That an industry based certification scheme is established that is interlinked with government incentives that evaluates and assesses the capacity of a workplace to provide the pastoral care and mentoring of apprentices and trainees.
15. That incentives are directed to facilitate structured support of apprentices and trainees employed by those businesses assessed as providing high quality on-the-job and off-the-job training.
16. That employers of trainees are provided support to develop an integrated workforce development plan that builds on workers' skills and knowledge to ensure the transfer and utilisation of skills to their workforce.
17. That adequate resources are allocated to enhance and expand existing PSV developed promotional materials designed to assist careers teachers and students.
18. That an industry-wide accreditation system (employers of choice) as operating in South Australia is implemented in Victoria that endorses employers who are committed and able to provide the training and ongoing support mechanisms to support trainees and apprentices.
19. That an 'Agriculture Rural Bonded Scholarship' is established to attract and retain highly skilled and qualified people to deliver training in regional institutes and secondary schools.

20. That The Victorian Government establishes a '*VET Affordability and Transparency Portal*' to provide students and employers full public disclosure of RTOs in receipt of government funding. The portal should provide information on:
- o fees and charges;
 - o government funding that is released;
 - o administrative overheads and charges;
 - o audit outcomes and compliance;
 - o assessment outcomes and methodology;
 - o completion outcomes.
21. That support is provided to implement an enhanced Victorian focused School-to-Industry pilot program for agriculture that will:
- o Reinforce industry engagement and ownership of the training system.
 - o Create partnerships with industry to enable young people to acquire the skills and knowledge to participate effectively in industry.
 - o Develop an integrated Victorian workforce development strategy - **FarmTRAX**
 - o Develop clear and rewarding career and education pathways for our future agriculture professionals.
 - o Promote an industry that supports and mentors young people.
 - o Provide young people who have real skills and are job ready.
 - o Provide professional development in agricultural skills for teachers in selected rural secondary schools.
 - o Develop innovative senior secondary curriculum that embeds agricultural principles.
 - o A focus on Victorian agricultural training based on local industry intelligence.
22. That there is a coordinated approach to provide workforce development across the Victorian agriculture industry which entails:
- o The appointment of regional coordinators to identify local training requirements.
 - o Facilitation of brokerage and mentoring roles to link industry with training providers.
 - o A coordinated approach to gather appropriate intelligence on industry training needs.
 - o A mechanism to identify market failures and facilitate a strategic response.

Primary Skills Victoria would welcome the opportunity to discuss its submission with the committee.

A handwritten signature in black ink, appearing to read 'G. Hallihan', with a long horizontal flourish extending to the right.

Greg Hallihan
Executive Officer
Primary Skills Victoria

In 2012 Australia will celebrate and reflect on the contribution farming has made and continues to make towards the nation's economic growth. As a precursor to this event, the evaluation of agricultural related courses and the effectiveness of programs to equip the industry for the demands of the future are both timely and warranted. An industry that is dynamic and responsive to internal and external forces will be well served by a training system that is equally receptive to the needs of the sector.

In every measure agriculture continues to make a significant contribution to the growth of the national economy and has firmly established its credentials as an industry that is resilient and innovative. Nationally, of the 120,112 productive farms in Australia, 24.7% (29,638) are in Victoria. In terms of the gross value of farm production, Australian farms contributed to the economy over \$39.6 billion between the 2009-10 period of which 26% was generated by Victorian primary producers¹. While Victoria's gross agricultural production is only marginally greater than that of NSW and Queensland, the state's economic input per productive area of farming land far exceeds that of any of the other states and territories with productivity per hectare of land in excess of \$805 per hectare.

	NSW	Vic.	Qld.	Tas.	Aust.
Area of Farms ('000 ha)²	58,548	12,852	129,668	1,647	398,580
2010 Gross Value (\$m)³	8359.2	10347.3	9137.1	1078.9	39645.1
Productivity (\$/ha)	\$143	\$805	\$70	\$655	\$99

Source: Australian Bureau of Statistics, 7503.0 – Value of Agricultural Commodities Produced, Australia, 2009-10
 Australian Bureau of Statistics, 4627.0 – Land Management and Farming in Australia, 2009-10

The often used phrase '*punching above their weight*' aptly describes Victoria's farming sector though this achievement has been made through substantial investment by all levels of government into research and development and transfer of this knowledge to the farm. The alarm bells are however ringing loudly and the productivity achievements that have been seen over the last thirty years will require substantial investment against the backdrop of global competition, climate change and shifting demographics. The future of agriculture in this state is very much in the hands of those who sit on this inquiry and their preparedness to make bold decisions to ensure the industry continues to prosper.

The Changing Rural Landscape

The rigours of the recent drought followed by unprecedented flooding across the state and finally the locust and mice plagues of the last few years highlight the vagaries of agriculture across the country. These are in no way new phenomenon as history will testify, however they do take their toll on an industry overrepresented in terms of participants nearing retirement age and depopulation of the hinterland and demise of rural communities. There is substantial change underway which, on the surface, may appear outside the terms of reference of this inquiry however the social, economic and environmental pressures being

¹ Australian Bureau of Statistics, 7503.0 – Value of Agricultural Commodities Produced, Australia, 2009-10

² Australian Bureau of Statistics, 4627.0 – Land Management and Farming in Australia, 2009-10

³ Australian Bureau of Statistics, 7121.0 – Agricultural Commodities, Australia, 2009-10

exhibited are inextricably linked to the training and education problems being encountered.

Barr (2005) in his paper on rural Victoria's changing social landscape pointed out the demographic shift that was evident then and remains true today. He states that in 1920 there were 20 Victorians for every farm in the state though by 1970 the ratio increased to over 50. At the time of his report the ratio had increased even further with 175 Victorians for every farm in the state⁴. Over the 1985-95 period the national average rate of decline in the number of farms was 1.3% a year with Victoria showing a decline of 1.9% over the period.⁵ Based on recent Australian Bureau of Statistics (ABS) data this trend continues.

In 1981 approximately 1600 young people (15-25 year olds) entered farming. By 1996 this had halved to just 800 due to drought and economic uncertainty. Today 800 people aged 50-54 enter farming each year. In 2001 the average age of a new farmer was 38. There is every likelihood that with such an aging demographic these new entrants enter farming with existing qualifications. Retraining these people comes at significant cost... a cost that due to eligibility criteria is one they will have to cover. The real risk however is that they will not train.

Farming communities are themselves changing as young people take advantage of further education now readily available to them, to make careers far removed from that of their parents. Our young generation do not have their own personal and financial investment in the physical property and skills development and are deciding not to follow in the steps of their farming parents. As aptly put, '...they are the ones with the least to lose and the most to gain from a career change.'⁶ As will be discussed further, Primary Skills Victoria (PSV) calls for government to support both the young people who will be our future farmers as well as the current generation who have the skills and expertise to hand down.

Corporatisation of farms in line with increased mechanisation, greater intensification and utilisation of sophisticated technology paves the way for the urban population's increasing reliance upon fewer yet significantly larger farms. Farms that remain will be required to increase production to feed a growing urban and global population. This trend may appear contrary to the premise of this submission that increased quality training is essential, however modern and sustainable farming practices require our farmers to acquire new skills to meet growing demand. Threatening this is the decline in new entrants choosing agriculture as a career and evidence of young people from rural communities moving to cities and larger regional centres in search for new opportunities.

The structure of the agricultural workforce has seen significant change over the last twenty years. This is evidenced by strong employment growth in the agriculture service sector with the addition of 10,000 new jobs over the 1984-85 to 2001-02 period⁷. This growth can in part be explained by the shift towards contract labour with specialist skills that service the industry. As the third largest employer of labour, agriculture is becoming an industry that will have increasing demand for specialist skills and knowledge from contractors and consultants that can respond to the growing complexity of farm management.

The agriculture sector faces many challenges in attracting and securing employment which will have serious and long term implications for Australia's future food security. While many of the problems faced by agricultural businesses are in no way unique to this industry sector, there are however a complexity of social and environmental determinants that are influencing workforce growth.

⁴ Barr et al. (2005) The Changing Social Landscape of Rural Victoria, Dept. Of Primary Industry

⁵ ABARE Current Issues, Changing structure of farming June 1997

⁶ Barr, N. The House On the Hill : The transformation of Australia's farming communities.

⁷ Productivity Commission 2005, *Trends in Australian Agriculture*, Research Paper, Canberra

The problems encountered are well known and have been identified by various governments for over a decade. Typically the issues that appear to have established some consensus include:

- Difficulty in attracting young people into the sector;
- Difficulty in recruiting professional employees to work in rural areas;
- Specific skill shortages;
- Competition from the mining sector for semi-skilled staff;
- The ability of economically marginal businesses to pay a wage and offer conditions to attract and maintain talented staff;
- Dealing with the challenges of meeting the seasonal peaks and troughs and unpredictable timing of labour needs⁸.

The wealth generation of the resources boom is credited for Australia's strong economic position however the wealth is not necessarily filtering through to all sectors of industry. While mining dominates the labor market demands the reality is that with booms also comes the bust. Agriculture and the security it provides to the country as a whole is a constant. Australia is hypnotized by the voice of multinational miners while our food and fiber producers are facing greater uncertainty.

Recent quantitative research data highlights the enormous difficulties agricultural businesses are experiencing in recruiting skilled and qualified labour. It was found that 70% of businesses experience difficulty in recruiting suitably skilled staff with semi skilled (61%) management (49%) and labourers (34%) in most demand. Compared with other industry sectors such as health care which experienced growth in the order of 24,000 extra people being employed, agriculture, forestry and fishing had the largest proportional decrease (4.7%) in employment, down to 102,000 people³. Factoring in the ageing workforce, Australia faces not just a skills shortage but a significant threat to future food security⁹.

Adding further fuel to the looming skills shortage Australia will be facing is the announcement by BHP Billiton that a further 170,000 skilled workers by 2014-15 will be required to service the resources boom emanating from Queensland and Western Australia¹⁰. Though the figures quoted are in dispute, it does highlight the ever increasing drain that the mining industry is having on those parts of the country reliant upon agriculture as their economic cornerstone. While the migration of skilled labour from farming is difficult to quantify there is every expectation that agriculture will struggle to attract and retain a skilled workforce against this mining tide.

From Industry Advocacy to Policy Promotion

The VET system is in the eyes of many at crisis point and confidence in the quality of agriculture training in particular has an industry that is jaded by the experiences of the past. We are seeing the result of successive governments who have shown indifference and disregard for the needs of industry.

There is much anticipation from industry that this inquiry will finally bear substance and commitment from government to provide the much needed support to see significant change. For PSV the frustration and ongoing disappointment is shared. As a body representing the views and concerns of the agriculture industry, PSV's capacity to provide the support industry deserves is being eroded by inadequate funding and constant uncertainty.

⁸ McKinna et al. 'Performance Issues Impacting the Development of the Victorian Agrifood Sector', Regional Development Victoria, November 2010, pp. 213-235

⁹ ABS 8155.0 - Australian Industry, 2009-10

¹⁰ 'BHP tips jobs bonanza' The Age September 29, 2011

PSV represents the diverse interests of those in the agriculture, horticulture, fisheries, conservation & land management and animal care & management industries which each make significant contributions to the state's economy.

Over the last twelve months the State Government has demonstrated its commitment to inject additional resources into agriculture and reinstate the industry's economic significance. Strong government policy development relies upon the informed views of industry groups who provide the farming community with a collective and powerful voice. It is however ironic that, at a time when agriculture has attracted considerable government attention, that PSV as an industry body providing advice specifically on vocational training, is itself seriously compromised through a lack of funding and inadequate resourcing. Considering the millions of dollars recently channelled into vocational training across Victoria one has to question the logic of stifling PSV's advisory role so that its capacity to consult and effectively engage with industry in the future is being jeopardised.

At a time when agriculture education and training is foundering it is ironic that PSV's capacity to effectively engage with industry in a new demand driven system is itself at risk of becoming a market casualty. PSV has in the past succeeded in creating valuable links between industry and the training system and provided authoritative advice to government on Victorian industry needs. PSV continues to raise the profile of Victorian industry by providing advice and support to our national Industry Skills Council (ISC) and, as an entity that is based in Victoria, PSV is in the best position to steer and implement initiatives that respond to issues that are specific to the Victorian agriculture industry.

Recommendation

That:

1. **An injection of recurrent government funding to ensure PSV's capability to adequately maintain and promote ongoing industry engagement and workforce development across the Primary Industry sectors.**
2. **That PSV is provided with additional funding and resources to ensure that delivery and assessment standards maintained by RTOs are in accordance with industry standards.**

Agenda Driven Training

In Secretary-General of the Organisation for Economic Cooperation & Development (OECD), Angel Gurría's presentation to the Joint Vienna Institute she stated that:

'Skills policies should shift attention away from preparing for lifelong employment to laying the foundations for lifelong employability.'¹⁷

¹⁷ Angel Gurría, OECD Secretary-General Skills for the 21 century: from lifetime employment to lifetime employability

While the focus of her speech was to draw attention to the OECD's announcement of its development of a 'Skills Strategy', she reinforced the need for a training policy to be 'responsive' and 'flexible' and react to changing needs of the economy and society. The question however is whether the Victorian training reforms meet the measures as stated or if it is a model that by default has failed to recognise the dynamics of the labour market. It is PSV's view that the notion of lifelong learning in line with the need for a labour market with skills that are truly transferable are at odds with current government policy.

In 2008 the launch of the *Securing Jobs for Your Future – Skills for Victoria* heralded a quantum shift towards a market oriented VET system driven by the consumers in the skills market. These fundamental reforms were to see government subsidised training to be led by industry and delivered by public and private training providers that were flexible and competitive. It was a reform designed to foster a demand driven environment where the consumers of training; employers and students, would influence the direction of skills provision. It is PSV's view that the current competition driven funding model is fostering a credentialing driven system and undermining the notion of skills creation which has been the mainstay of vocational training in Victoria.

Under the *Victorian Training Guarantee* (VTG) the State Government provides unlimited places for Victorian students wanting to undertake training and who met the eligibility criteria. The VTG ensures any young person aged 15 - 19 years is eligible for funding to undertake any vocational qualification. Students seeking a Foundation Skills course are also eligible for the VTG. Any applicant seeking a higher qualification than the highest qualification already held is also eligible for the VTG. With this initiative now fully implemented the ramifications of this policy shift can now be better analysed.

At the inception of the VTG there were concerns raised primarily by Registered Training Organisations (RTOs), that the new subsidised fee regime would place financial barriers in the way of some students. The anticipated consequence expressed by RTOs was the cessation of nonviable programs while for industry it threatened the access to training in thin markets no longer seen by RTOs as sustainable.

PSV has for some time voiced its concern that the implication of the government fee reform will restrict access to necessary training particularly in areas deemed as thin markets. The concerns raised are that ineligible students will face the prospect of fee for service charges and simply training will no longer be provided due to flagging enrolments. While evidence of thin markets is yet to be quantified there are indications that this is becoming increasingly more likely; but of more concern are the indications based on data provided by Skills Victoria and the NCVET suggesting that gross exploitation of the system is occurring.

The primary industry sectors face the same challenges as those impacting on much of the Australian economy. An ageing workforce with an implicit shortage of skilled labour continues to be of primary concern however retention and attraction of new industry entrants is only going to be hampered by discriminatory policy. The *Securing Jobs for Your Future* model is predicated on the understanding that skills demand will be met by progression up the "training ladder". To a point this is a legitimate

assertion with skills at Certificate II for instance forming the building block to skills at Diploma level however, what this fails to acknowledge is that skills demand is very much being met through a labour market that sees greater lateral movement rather than the traditional vertical progression.

There is increasingly more evidence being presented that demonstrates that there is significant movement up, down and across the Australian Qualifications Framework (AQF) levels. Research undertaken by the NCVET shows that 34% of national VET graduates undertook further study at a qualification level that was equivalent to, or lower than, their highest achieved qualification¹². Put simply, there is a clear trend for over a third of qualified people returning to study to either re-skill or broaden their existing skills base. The eligibility criteria for funded training in Victoria ignores the paradigm shift that has taken place whereby the conventional life course model of vertical career progression has been replaced by a more fractured and less predictable modern model.

The basis upon which vertical skills progression is predicated is the general social and economic benefits that are directly related to an increase in productivity. Agriculture needs to embrace training to ensure the nation's continued growth.

In the agriculture industry PSV questions the relationship that is more broadly accepted wherein social and economic benefit is attributed to higher levels of training and education. Karmel and Nguyen (2007) found that students who already held a high level qualification (Certificate IV or higher) obtained little if any wage benefit from completing a VET qualification at any level compared with students who were undertaking only modules at certificate I or II level. In fact there was evidence to suggest that for university graduates who attain a VET qualification there was, across some industries, actually a negative wage outcome.¹³ It is PSV's view that agriculture typifies these findings and current Victorian eligibility policy is in fact acting as a disincentive to training in this sector.

A sound entitlement model must accommodate skills broadening as well as skills ascendancy though it must also ensure that subsidised training has a sound economic basis and the concept 'training churn' is managed. There is growing concern that the capacity for labour markets, particularly in agriculture, to move laterally across industry sectors is being hindered indiscriminately. Never before has farming demanded such diversity of skills of its labour force and seen the need to continually retrain as farm operations diversify and adapt to new technologies. The incentive to retrain and develop new skills is being stifled by a training policy that fails to acknowledge the tangible economic benefits as new skills are gained and applied irrespective of at which Certificate level. In essence, qualifications alone do not drive productivity but how skills are acquired and applied to meet the needs of industry should also be measured and recognised.

The reforms implemented by the Victorian Government were the platform upon which structural realignment of the training system would complement the significant changes taking place throughout the workforce. Many of the strategies that have been adopted were highlighted in an analysis of the VET system produced by the OECD and, in relation to the development of an open and contestable training system, the OECD's review outlined five arguments that support the case for open competition:

¹² Guthrie et al. (2011) Pathways: developing the skills of Australia's workforce. NCVET

¹³ Karmel, T. & Nguyen, N (2007) The value of completing a vocational education and training qualification. NCVET

- Enhanced student choice and enhanced VET responsiveness to labour market demands;
- An entitlement system which promotes competition and equity;
- Competition increases the need for greater information about providers;
- Implementation of VET reform should ensure competitive neutrality i.e. public and private provider access to government funding;
- Open competition within a demand driven framework supports the unreliability of centralised skills forecasting¹⁴.

A flexible labour force provides the skills required in response to industry needs. Existing eligibility criteria applied to funded training impedes labour mobility and industry competitiveness.

In a demand driven system the student and employer determine where training is focused. In a labour market where all jobs are equal this concept will work however in an industry such as agriculture that suffers from a less than “sexy” image, there will be inequities and skills shortages. We have a training market driven by demand based on wages rather than economic credibility.

It is evident from the AgriFood Skills Australia ‘2011 Environmental Scan’ that the industry across all sectors is experiencing a demand for skilled labour however struggles to compete with the migration of workers due to the resources boom¹⁵. There has been an increasingly discernable trend for labour markets to shift according to demand, and with that, a capacity for industry to become more responsive.

The boom in the resources sector has, to the chagrin of other industries, been blamed for the movement of skilled labour from the rural sector although the benefit to the economy as a whole is undeniable. This benefit is derived from a workforce that can be quickly retrained to meet the demands however, regrettably in Victoria; the incentive associated with investing in acquiring new skills through training has been based on the assumption that with new skills come greater financial rewards. **This is a false assumption as the eligibility criteria attached to subsidised training in Victoria present real impediments to what has become a flexible and increasingly more mobile labour market.**

A Two Speed Training System

There is a growing training dichotomy emerging in Victoria typified by those industries that embrace and engage with the training system while others stagnate. The parallel on a macro level is typified by the ‘two speed economy’ phenomenon that amplifies the divergent response of industry particularly in the eastern states. While there has been substantial growth within the mining sector, retail data suggests that weak consumer demand is leaving many in the retail sector behind. In effect we are seeing a two speed vocational training system dominated by the Business Services and Community Services & Health sectors while training across the rural industries shows only marginal growth.

Credible, responsive and accessible training is fundamental to increasing agricultural capacity.

At a time when confidence across the farming community has been battered by extreme weather events and increasing international competition, the impost of formal training is seen as no longer affordable

¹⁴ Learning for Jobs OECD Reviews of Vocational Education and Training Australia November 2008 p.22

¹⁵ AgriFood Skills Australia, 2011 Environmental Scan of the AgriFood Industry

by many and, threatens to see the adoption of new technologies by Victorian farmers fall behind that of their other state and territory counterparts. It is a credible, responsive and accessible training system that will continue to equip our farmers and producers with the emerging skills that will maintain their capacity to compete on a global and domestic scale. A training system as is currently being supported acts as a deterrent to the notion of lifelong learning and further isolates an industry that has recently seen the demise of many of its landmark education facilities.

Target Driven Training

The National Agreement for Skills and Workforce Development operating out of the Council of Australian Governments (COAG) has set ambitious targets to boost productivity and workforce participation. The impetus behind the training reform agenda is clearly motivated by political imperatives and the COAG targets to

- Halve the proportion of Australians aged between 20-64 without qualifications at Certificate III level or above by 2020
- Double the number of higher level (diploma and advanced diploma) qualification completions by 2020¹⁶.

While the response is as much an indictment on the lack of investment by successive governments in the VET system, the consequence of the skills reforms in Victoria in line with a federal push to boost Australia's OECD rankings has caused a serious distortion in skills "acquisition".

Increased competition between public and private training providers is influencing training provision.

Skills Victoria data confirms the surge in private RTO registrations and with that their enrolments for the first quarter of 2011 compared with the first quarter of 2010 were up 112%. The private RTO sector has introduced a market place that is fiercely competitive and perhaps opportunistic in the eyes of some. The intent however was to create a far more responsive and competitive training system that will meet the state's emerging training needs.

Contrary to the Skills Victoria data, there is clear indication that the public sector is struggling to compete with private training providers who often operate with reduced overheads and infrastructure investment and more flexible business systems and industrial relations arrangements. While there is evidence that some TAFE Institutes are adapting more quickly *than others*, the TAFE business models of ten years ago can no longer operate in the environment that currently exists. Within a demand-driven system the determination of what training is or is not provided is based on financial viability. Training markets that show growth and profitability will be favoured while thin and unprofitable markets struggle to gain a share irrespective of economic importance.

Suggestions that the TAFE sector is beginning to struggle under the current regime was highlighted in *The Australian* recently in which regional TAFEs were reported as averaging operational losses of 3.2%.¹⁷ Claims that the TAFE sector is 'financially destitute' may be seen as sensationalism by government however there is sufficient concern within industry that

¹⁶ National Agreement for Skills and Workforce Development: Report on Performance 2009

¹⁷ *Victorian TAFEs in financial trouble*, The Australian September 21, 2011

training provision may well be threatened. With reports that metropolitan TAFEs, the like of Swinburne University's TAFE division posting an operational deficit of \$6.1m, there is justification for some serious reassessment of current policy. It needs to be reinforced that, particularly in some of the rural regions grappling with significant industry restructuring, the local TAFE is a hub within that community. TAFE facilities scattered throughout rural and regional Victoria play a vital role in maintaining solidarity and hope for some of the more fragile areas within the state as well as providing the skills necessary to support and transform these communities. For these TAFE's the termination of programs is based on pragmatism and business modelling but for the towns and regional centres, the loss of programs is a signal that they are being deserted.

There is already evidence of thin markets impacting on the provision of training. Production horticulture training is one case in point where the provision of programs to the west of the Melbourne CBD is no longer accessible. Programs have in the past been run out of large public providers however low student numbers threatened the viability of the program. As a consequence, production horticulture training for industry in the west is now only provided in Cranbourne. Effectively valuable training is no longer available and industry has walked away. It is imperative that markets that contribute significantly to Victoria's economic stability are not jeopardised by the winding back of training opportunities. High cost, high value training programs should attract funding incentives through weighted loadings to attract and secure training in what is currently seen as less lucrative markets.

Recommendation

That:

3. **High cost, high value agriculture training programs should attract funding incentives through a targeted 'weighted loading' system to ensure that sectors seen as thin markets are adequately serviced.**

The Victorian Anomaly

The Australian Qualification Framework (AQF) first introduced in 1995 provides standards in Australian qualifications that ensure national and internationally portable qualifications. The framework identifies 10 levels of qualification **with the exception of the Senior Secondary Certificate of Education (SSCE)**. The AQF provides a delineated structure based on knowledge, skills and the application of those knowledge and skills that equate to a volume of learning and definitive qualification outcome.

The SSCE as identified in the AQF provides students with the fundamental literacy, numeracy and communication skills in preparation for '*diverse pathways to further learning, work and effective participation in civic life*'¹⁸. The AQF goes further to state that the Senior Secondary Certificate of Education:

'...are not located at a particular level in the Australian Qualifications Framework'.

¹⁸ Australian Qualifications Framework, First Edition July 2011

The vexed question of attributing an educational equivalence between a Year 12 outcome and a vocational certificate has initiated a level of consternation among industry and academics alike. Vocational qualifications are typically much narrower in the skills and knowledge compared with the broader and often less focused vocational outcomes of secondary education. In research undertaken by Lim and Karmel (2011)¹⁹, they proposed three dimensions that could be applied to determine the vocational equivalence of Year 12 completion (volume of learning, attributes and outcomes). They concluded that:

'... a certificate II does not look like a likely candidate to be an equivalent to Year 12 completion.'

They further state that:

'Overall, vocational certificates are different from completing Year 12 and therefore the notion of equivalence makes little sense'.

Victoria however has reinterpreted the national specifications and aligned the SSCE with a Level 2 outcome. The implications of this decision is significant for training across many of the primary industry sectors where fundamental technical training that is delivered at Certificate II will be excluded from government subsidised training should potential students be over 20 and have attained the SSCE. It is PSV's view that Victoria should reconsider its position in relation to the SSCE and vocational training and adopt the national position clearly identified in the AQF. It is PSV's view that all VET certificates undertaken as part of the SSCE, VCAL or the VCE are exempted from the eligibility requirements for the *Victorian Training Guarantee* regardless of age.

Several years ago the agriculture sector moved from the traditional Apprenticeship to the Traineeship qualification. It was a move at the time that had minimal impact upon the access to funded training and, for most in the industry; the difference was very much about terminology rather than outcomes. Under the current funding model apprentices, regardless of age and existing qualifications, will be eligible for funded training however Traineeships fail existing eligibility criteria. This will disadvantage those who enter agriculture as trainees with prior qualifications. At a time when attracting young people into agriculture training is becoming increasingly more difficult, financial barriers that preclude new entrants should be removed and aligned with eligibility criteria as identified for traditional Apprenticeships.

¹⁹ Lim, P. & Karmel, T. (2011) *The vocational equivalence to Year 12* Longitudinal Surveys of Australian Youth: NCVET, Research Report 58

Recommendations

That:

4. The Victorian training system realigns its position with the AQF designation of the SSCE
5. That the Certificate II is seen as a distinct vocational outcome eligible for subsidised government funding where SSCE or Certificate I is the highest existing “qualification”.
6. That traineeships in agriculture are exempted from the VTG eligibility criteria.

Workforce Credentialing or Skills Creation

In 2009 the education sector contributed \$18.6 billion in export income to the national economy. It was ranked as the third most important export industry behind coal and iron ore. This situation has changed dramatically in the past 18 months. According to Australian Education International (AEI) international student enrolments in VET fell by 12.2% during 2010 and by 20.6% in the ELICOS or English language training sector. Only university enrolments showed positive growth of around 7.6%.

The hands off approach with respect to training currently being adopted by government has created a de facto self regulated system where VET market players are determining the direction of training rather than economic imperatives. As RTOs continue to realign their position there is mounting evidence suggesting that opportunists are exploiting a system which as the Auditor General pointed out in his review, regulatory agencies such as the Victorian Registration and Qualifications Authority (VRQA) are struggling to monitor and:

‘...cannot reliably assure that it has effectively regulated VET providers’²⁰.

RPL is defined as:
 “...an assessment process that assesses an individual’s non-formal and informal learning to determine the extent to which that individual has achieved the required learning outcomes, competency outcomes, or standards for entry to, and/or partial or total completion of, a qualification...”²⁰

The limited data that is selectively made available publicly raises a number of questions however what information Skills Victoria has released would, on the surface, indicate that the new fee regime is having minimal negative impact on ‘enrolments’. At a superficial level analysis of the data would suggest that in terms of enrolments *Securing Jobs for Your Future* has been an unmitigated success. Enrolments in the first quarter surpass figures recorded from previous years and indications thus far suggest this trend will continue.

The deficiency of this data is that enrolments alone do not represent the true output in skills creation. It is however within the basis of the data collection strategy that PSV would suggest hides a system that is effectively out of control and unsustainable. This trend continues as verified in the data released in the second quarterly report. Emerging from within all this is the crisis of confidence within some agriculture sectors that is threatening the credibility of vocational qualifications.

Of particular concern to PSV is the basis upon which these unprecedented levels of training have been achieved. While difficult to confirm, there is disquiet among some RTOs and industry peak bodies that

²⁰ Victorian Auditor General’s Report on the VRQA, October 2010

the driver of this surge is supported by an unprecedented increase in Recognition of Prior Learning (RPL). It should be noted that PSV strongly supports the principles that underpin the formal recognition of skills acquired in a non-traditional training context and it is well acknowledged that, within the industries represented by PSV, there are many skills which have been gained though not necessarily recognised. Again, there is no debate as to whether these skills, if assessed with appropriate rigour, can and should be recognised by industry. The concern is however that the integrity of the RPL assessment process is being undermined by gross opportunism by some VET providers with inadequate regulation.

In evidence presented to the Rural and Regional Committee's *Inquiry into the capacity of the farming sector to attract and retain young farmers and respond to an ageing workforce*, there are grounds for concern specifically related to the provision of 'training and assessment' in northern Victoria. There is anecdotal evidence that implicates consultants and RTOs with the provision of mass rollout of RPL in regions which are currently struggling to deal with significant industry reform. The testimony clearly identifies the combination of RPL and gap training that has been conducted for some 500 farmers in the region in 'Certificate III in Agriculture and Certificate III in Transport and Logistics...'²². On the basis that each Certificate III qualification is funded by government at \$10.80 per contact hour for approximately 700 hours per qualification, PSV estimates that in excess of \$7.56 million has been released to consultants and training organisations in that region alone.

If this statement given to the committee is correct, and it is known that RPL was a major driver, the question has to be asked as to what was the gain in terms of productivity to the region. Recognising the skills of a workforce is commendable though, in terms of equipping the workforce for the major industry restructure being experienced along the Murray; PSV struggles to reconcile how finite government funds are openly permitted to be squandered on mass credentialing programs. The implications are far more serious as many farmers in this region are accepting Federal Government funding under the Rural Adjustment Scheme to effectively walk away from their farms. For those who have been recognised for the Certificates in Agriculture and Transport, the opportunity to seek subsidised training at a comparable or lower level in a new employment will fall under eligibility constraints. For those acknowledged in the submission that had been deemed competent for Diplomas, any requirement to re-skill will attract significant financial commitments.

The populous response has recently been to stimulate a training market based on RPL and skills recognition in acceptance that a highly skilled workforce will be reflected in productivity gains and improved living standards. As a concept it has some merit but it fails to draw the distinction between developing a skilled workforce and that of merely recognising the skills base already existing in industry. There is unquestionably every justification for a quality driven RPL process for workers who may otherwise be excluded from training due to thin training markets to be assessed and recognised for their skills. Where the dilemma

²¹ Users' Guide to the Essential Conditions and Standards for Continuing Registration 2010

²² Transcript from public hearings of the Rural and Regional Committee

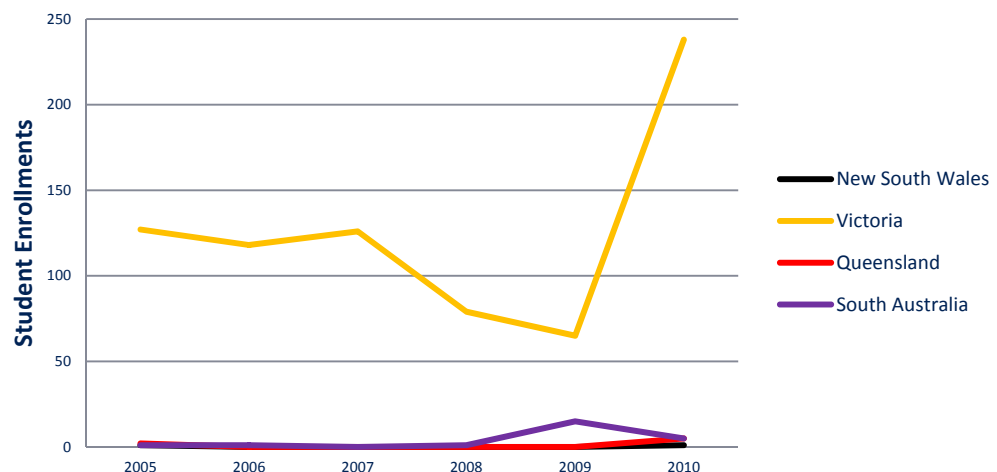
http://www.parliament.vic.gov.au/images/stories/committees/rrc/IFSC/Transcripts/Mildura_-Ballard.pdf <Accessed September 14, 2011>

arises is when RPL is being driven by economic opportunism rather than the national imperative.

These concerns are not new and were raised and reported in Deloitte Access Economics (DAE) summary of industry intelligence to Skills Victoria. In their report DAE identifies concerns expressed in relation to 'an over-emphasis of RPL and under emphasis on up-skilling' which have been linked to the reduction of technical skills in the sector.²³ The connection between education and labour market outcomes is undisputable and the relationship between a positive return on investment and increased education also translates into significant wage and employment returns for the individual²⁴. It is on this basis as outlined in numerous OECD reports that the Australian Government, and by default Victoria, have committed an unprecedented level of financial resources to vocational training.

As shown in Chart 1 and table below the unprecedented spike in enrolments in the Diploma of Production Horticulture is likely to be driven by the significant increase in RPL. **In effect the demand driven system built on the premise that industry will direct the need for skills delivery is in reality being manipulated by those at the supply end of the chain.**

Chart 1: VET students enrolled by selected states in RTE50303 - Diploma of Production Horticulture, 2005-10



2006 2007 2008 2009 2010

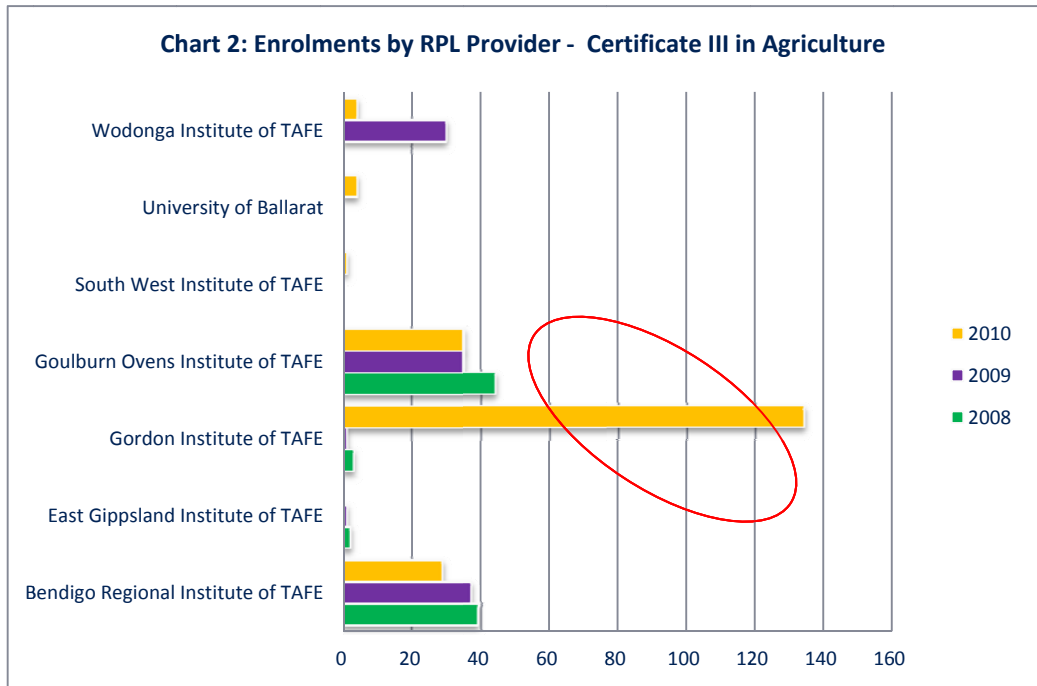
	2006	2007	2008	2009	2010
Recognition of prior learning granted	26	24	26	39	1,075

Source: NCVET data tables

Statistical data from the NCVET further highlights the distortion taking place within certain sectors of agriculture and raises into question the return on investment of substantial amounts of government funded training. Victoria accounts for over 95% of national enrolments in the Diploma of Production Horticulture. Compared with other states, Victoria has always demonstrated steady support of this high level qualification

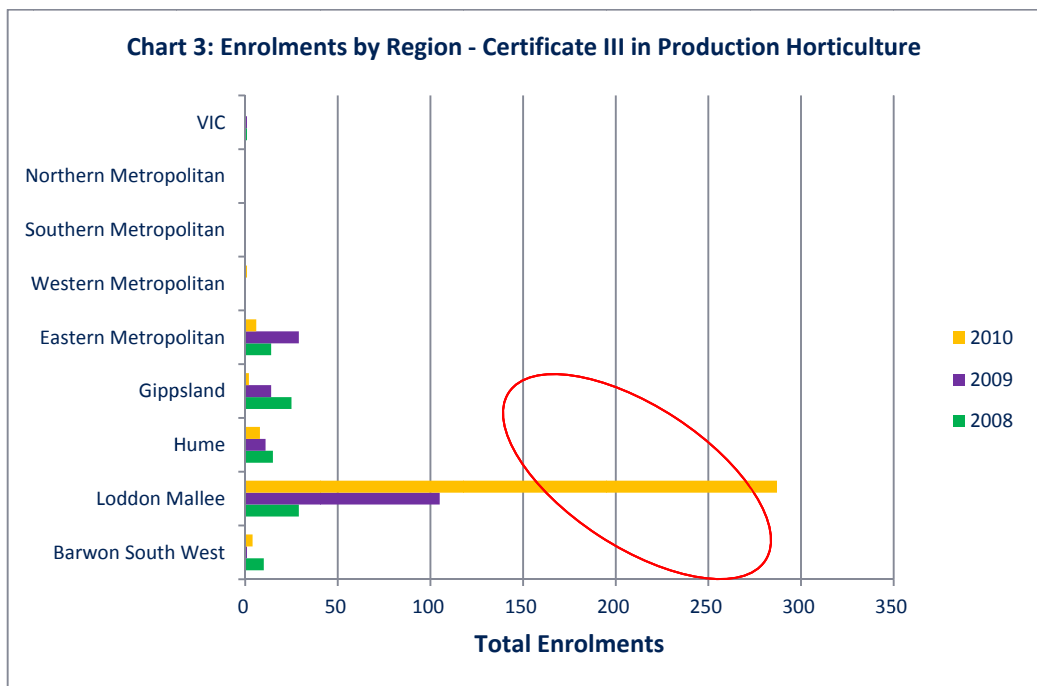
²³ Deloitte Access Economics 'Victorian skill needs in 2011: A summary of industry intelligence' for Skills Victoria, March 2011
²⁴ Machin, S. 2006 *Social Disadvantage and Educational Experiences* OECD Employment and Migration Working Papers No. 32

however the dramatic rise in enrolments over the 2009-10 period raises serious questions as to the motivation that has fuelled this trend²⁵.



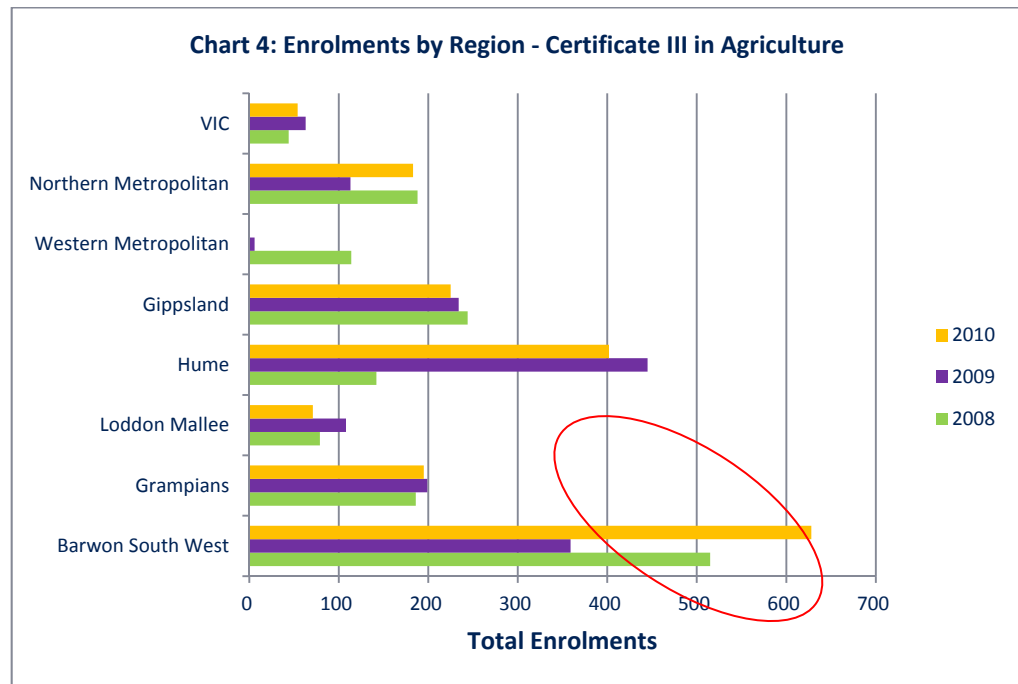
Source: Skills Victoria 2011

Data provided by Skills Victoria further demonstrates the unprecedented growth in enrolments in certain regions (Charts 3 & 4). Similar growth is evident in higher level qualifications and in particular RPL.



Source: Skills Victoria 2011

²⁵ Extracted from NCVET data <http://www.ncver.edu.au/> accessed September 14, 2011



Source: Skills Victoria 2011

Superficially, this startling achievement could be interpreted as an undeniable success and vindication for the government's policy to boost workforce skills however the data needs to be in conjunction with how the qualifications were achieved.

Enrolments alone should not be the marker of industry commitment to training. The COAG targets previously referred to are targets that are measured by qualification outcomes rather than mere enrolments. How effectively these enrolments translate into qualification based outcomes is questionable and certainly based on the data made available by Skills Victoria there is little possibility that a true evaluation of the reforms can be made.

RPL Anomalies

There have been cases presented to PSV of diploma qualifications being issued on the basis of casual conversation. The recipient in one instance was not even aware that an RPL was being undertaken and has subsequently questioned the validity of the award. Other RTOs are providing RPL for no fee or at costs substantially below that of an enrolment. It is PSV's view that these are typical of the environment that has been perpetuated by a training system that is under severe stress. The difficulty is that PSV is unable to easily access RPL and course completion data to test this hypothesis.

The collapse of the VET international student market is an example of a system that was exploited and ineffectively regulated. This distortion of the VET system was also noted in research conducted by the Workplace Research Centre, University of Sydney in which they state:

'Pressures from the marketisation of education have been seen in the proliferation of qualifications and providers in VET, and in the poorly regulated international student market in higher education'.²⁶

A solution to this situation can again draw on a parallel response enacted by the Commonwealth Government by effectively decoupling the relationship between government funded training and RPL just as residency and vocational outcomes were separated. Funded training places should not be compromised by RPL activities that provide minimal economic benefit. In a contestable landscape the true costs of skills recognition will be determined by open competition or at least a capped cost similar to that with Medicare. In this scenario the government determines the scheduled fee with RTOs independently determining the extent of the fee gap.

The limited evidence that has been made available suggests that a similar scenario is looming at a domestic level. Industry has supported and promoted a training system that is equitable, responsive and assures quality standards are maintained. There are however serious concerns that these long held expectations are being compromised and that for some industry groups the feeling is that the system is on the brink of failure.

Those proponents for an increased commitment to RPL based assessment in the current Victorian context fail to consider the implications of unmitigated credentialing in an environment where quality training outcomes are not a significant priority. While the political rhetoric is pushing in this direction there is an increasing disquiet in agriculture sectors that RPL based qualifications are diminishing the credibility of training.

Recommendation

That:

- 7. An RPL funding model that differentiates training from skills recognition be applied.**
- 8. Skills Victoria instigates a capped funding model for RPL whereby a maximum of 30% of total government funding is released where less than 70% formal training and assessment is undertaken.**
- 9. Skills Victoria instigates an industry audit of RPL assessment in agriculture to determine the veracity, rigour and industry standards being applied.**

Funded and Delivered Training

The amount of funding released by the State Government to support training is based on the number of hours that have been identified to

²⁶ Buchanan et al. (2010) Impact Analysis of the proposed strengthened Australian Qualifications Framework: Conducted for the Australian Qualifications Framework Council (AQFC) Workplace Research Centre, University of Sydney p.14

deliver either individual units of competency or entire qualifications. The hours allocated to individual competencies are published in Purchasing Guides and these form the basis upon which providers are funded to deliver the training. The 'nominal hours' allocated to each unit of competency attributes time allocations for the training delivery and assessment and therefore the funding made available to deliver the service. It should be noted that these are the maximum allowable funded hours that can be allocated to a unit of competency. The hours nominated against each competency are determined through a consultative process with RTOs based on operational and educational requirements to achieve a quality training outcome.

Though the process outline appears reasonable there is concern that a significant discrepancy is occurring between government funded hours and delivery hours. Purchasing Guides developed in consultation with RTOs and Skills Victoria provides parameters on the permissible government funding to facilitate training and assessment outcomes. In an environment where there is increasing accountability for the expenditure of public funds, it should be contingent upon service providers to ensure funded hours are based only on hours of delivery.

As public providers in particular are being squeezed ever tighter, creative strategies are being devised to maintain viable levels of funding which put into question the quality of outcomes and the integrity of the qualifications being awarded. The training system is reliant upon funded training hours to maintain the viability of their programs but in desperation the level of real training is perhaps being compromised. Teachers and the union that represent them have for some time been calling upon TAFE management to refocus their attention upon the quality of delivery and to cease compromising the training offered.

PSV is of the view that the focus of training has shifted substantially and that competition is driving the quality of perceived 'fringe' programs such as agriculture to the realms of educational irrelevance. The reality is that agriculture must remain high on the agenda of training providers and that the training outcomes they deliver are of a standard to ensure the industry's future.

Recommendation

That:

10. Skills Victoria funded training be based on hours of training and assessment delivered and not on nominal hours as published in the Victorian Purchasing Guide.

Sunset Period

It is PSV's minimum position that, if it is the government's intention is to retain the existing eligibility criteria for tuition fees, currency of qualifications should be taken into consideration. An industry will remain competitive if it has a workforce that is equipped with the skills of today. Those with qualifications held in excess of seven years may well have met industry requirements then; but it has to be questioned whether they can continue to reflect the ongoing needs of a dynamic workforce.

A “sunset clause” should exist to encourage workers with outdated qualifications to access subsidised training rather than create financial barriers that deter an ageing workforce to learn new skills. In June 2008, PSV identified in its written response to the Victorian Skills Reform discussion paper, *‘Securing our future economic prosperity’*, the concern that eligibility criteria would impact negatively on skills development and training uptake particularly across the primary sector. To date this call for a sunset provision has fallen on deaf ears.

The concept of lifelong learning acknowledges that industry growth is based on developing new skills to replace those skills that no longer have currency.

Further, a report released by Ernst & Young in 2010 for Skills Victoria reiterated the risk of older workers whose qualifications were outdated and

“...could potentially act contrary to the objective of encouraging lifelong learning”²⁷.

Though that report recommended that a 10 to 15 year time period was considered appropriate by stakeholders for qualifications to lose currency, the option was again ignored.

It is PSV’s firm belief that, in the industries it represents and as a consequence of these major reforms, there is a growing trend of primary industry stakeholders beginning to disengage from the vocational training system at a critical time of skill shortages and an ageing workforce.

Recommendation

That:

11. A sunset period of seven years be established that allows workers to access subsidised training to re-skill and replace outdated qualifications.

Training Credits

In response to the constraints that the existing eligibility criteria is imposing upon workforce capacity in the agriculture sector, PSV proposes that a system of ‘training credits’ be implemented in industries such as agriculture that struggle to attract new entrants.

The concept is based upon an individual having a limited number of credits that can be utilised for vocational training as required. Rather than restrict subsidised training to workers progressing up the qualification ladder, individuals can allocate credits towards training that meets their immediate career path. Once the credits have been utilised further training is at cost recovery rates. Such a system would encourage a truly competitive market, driven by quality outcomes.

The credit allocation would be finite and in a truly market driven and openly contestable environment, providers would determine the amount of training credits to be exchanged for their services. Incorporated into this model would be a far more openly transparent system where training providers would be required to disclose the full cost of training to the consumer. As consumers, the market place could then evaluate not just personal out of pocket expenses but the investment government is

²⁷ 2010 Review of the Implementation of Securing Jobs for Your Future – Skills for Victoria, Ernst & Young, DIIRD August 2010

making. Essentially PSV is advocating that the true cost of training is disclosed so that the value of that training can be better measured.

Recommendation

That:

12. There is a reappraisal of the current eligibility criteria for existing workers with qualifications and that a credit based system is implemented to encourage retraining.

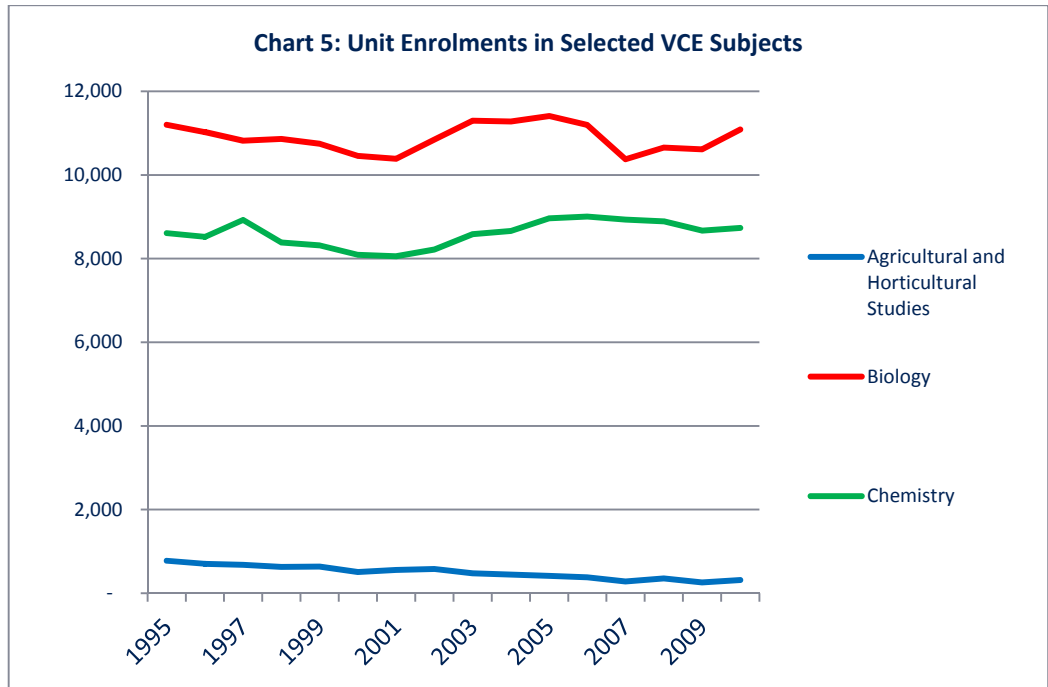
A Strategic Approach

The dilemma facing government in responding to an industry that traditionally has not engaged well with training is not new. Both government and industry have in the past been criticised for lacking a clear and targeted strategy to deliver consistent, positive messages. There are many avenues that have been implemented at all levels of the education system to attract people into the industry however they have for the most part failed to deliver significant investment returns.

Agriculture Participation in the Secondary System

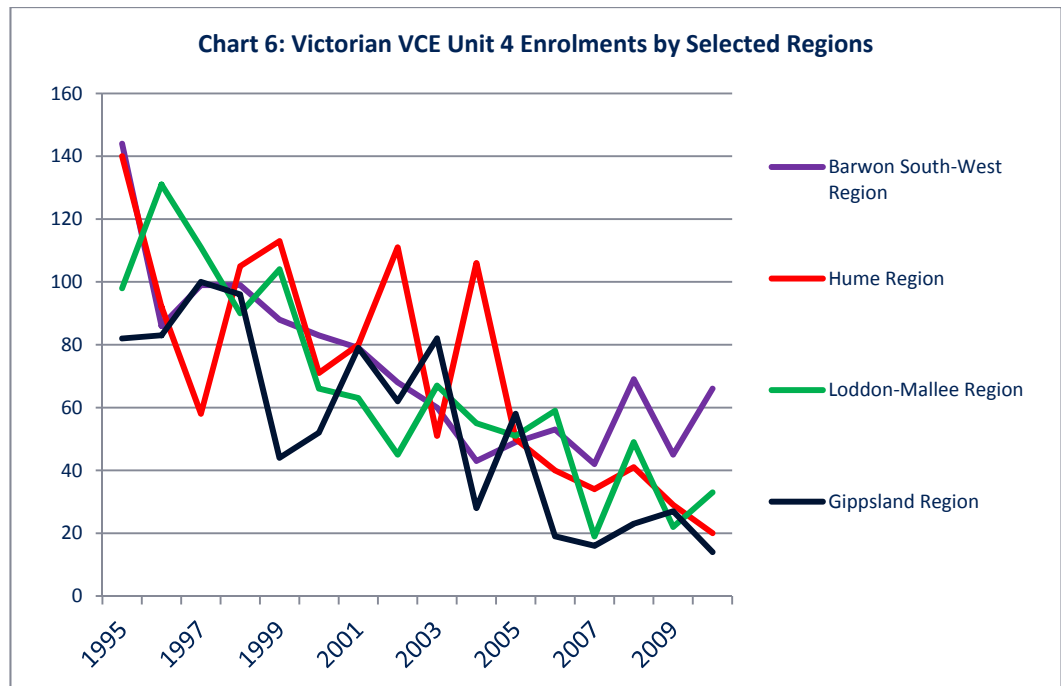
Agriculture training has for some time been incorporated into the Victorian senior secondary school system and was hoped to act as the catalyst to encourage further vocational training and industry participation. The evidence, at least for agriculture, suggests that the VCE and VET in Schools programs are failing to capture and retain students. While this represents a substantial cost to the taxpayer it also perpetuates the view that agricultural careers are lesser qualifications attractive only to students who are not likely to achieve higher profile academic pursuits. Of greater concern is the perception of industry and VET trainers, that the secondary system's involvement with agricultural training may be more about student retention rates than vocational outcomes.

There is clear evidence that indicates that agricultural education based on VCE enrolments is in significant decline. Compared with biology and chemistry enrolments which have maintained a relatively stable base, agriculture and horticulture studies have progressively failed to maintain any foothold. Based on 2010 data, VCE agriculture enrolments have fallen by almost 60 percent since 1995 (Chart 5). In 2010 enrolments into VCE Biology was just over 11,000 in stark contrast with agriculture enrolments that managed to achieve just 317.



Source: VCAA 2011

The magnitude of this is more striking when the location of VCE agriculture enrolments is correlated by region. It is clearly evident that the decline in enrolments corresponds on a regional basis with overall VCE agriculture enrolments into the final and compulsory Unit 4 of their qualification (Chart 6).



Source: VCAA 2011

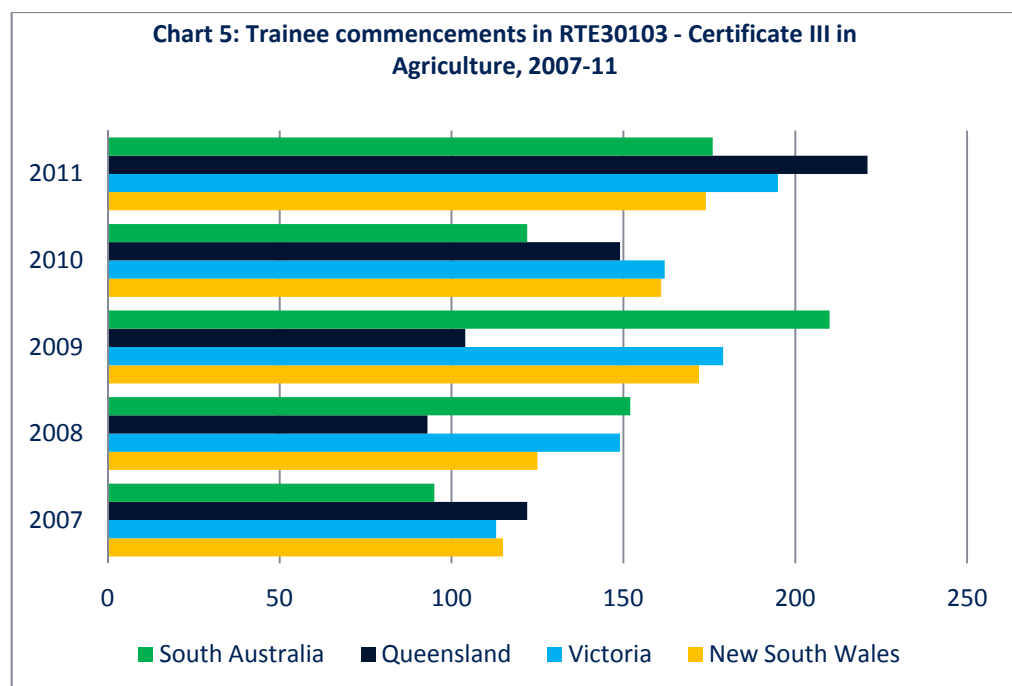
The VCE agricultural and horticultural studies provide students with a unique opportunity to achieve entry level skills into the industry and the option of a dual VET Certificate II qualification. For schools the capacity to provide the level of training required to reach acceptable industry

standards is problematic in a regime where capital expenditure to resource these programs is limited. There

Evaluating Agriculture Traineeships

Traineeships in the past have been one approach that was intended to draw new entrants into the industry and provide financial incentives to employers willing to take up the challenge. To some extent this experiment has failed or at the very best continues to lack a strategic approach to both attracting and retaining people. McKinna, in his report on the future development of the agrifood sector, went further and found that *'the training system in particular is not consistent or focused'*. His research also found that TAFE colleges were not engaging with local industry and lacked the capacity to meet the skills needed in the local agrifood sectors²⁸.

Apprentice and trainee commencements in Victoria over the 2007-11 period have shown a modest increase and parallels the achievements of NSW and SA (Chart 5). While it may be argued that the supply in no way meets demand there is indication that some within the industry have a commitment to skilling new entrants. Attached to this are the various employer incentives that are designed to offset some of the costs associated with recruiting semi-skilled labour.

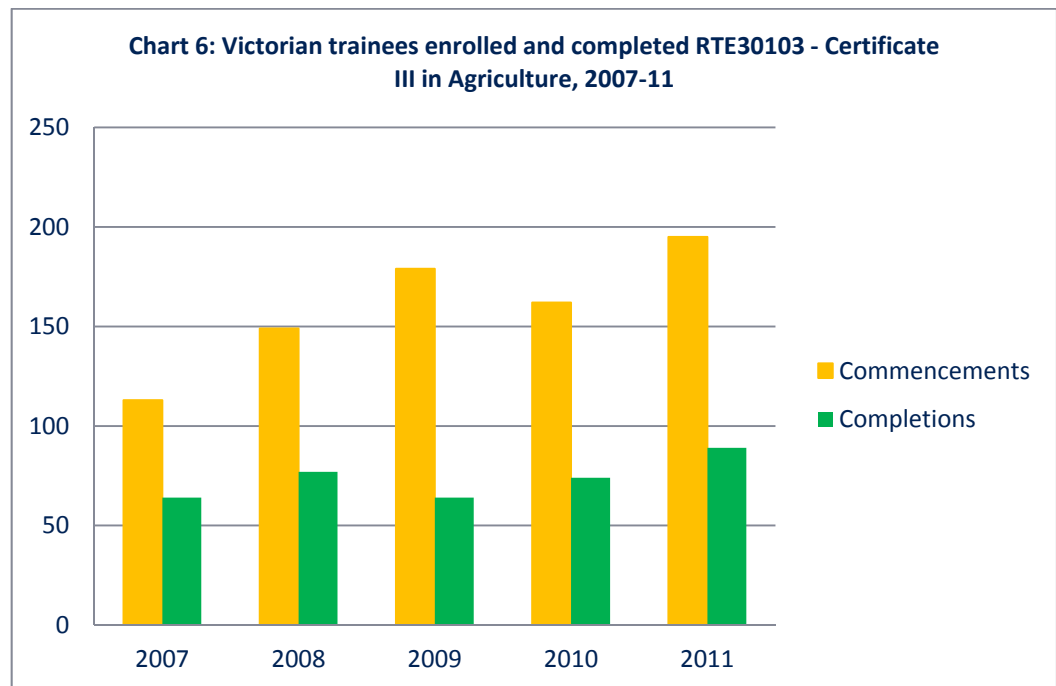


Source: NCVET data tables

If the measure of the success of traineeships was on the basis of the return on investment, the data would put into serious question whether the current incentives driven model stands up to scrutiny. While traineeship retention rates are of concern across most industries, the indications are that completion rates for agriculture are well below 50% (Chart 6). The

²⁸ McKinna et al. 2010, Performance issues impacting on the future development of the Victorian agrifood sector

economic cost is huge and must raise doubts as to the way in which traineeships are currently being promoted and supported.



Source: NCVER data tables

The issue of apprentice and trainee completion and attrition rates has for some time been the basis for much contention and to some extent the value of completion rates per se fails to go to the heart of the issue. The NCVER has acknowledged the shortfall in their data sets due to attrition rates not factoring in those students who may in fact recommence training in another field. Accepting this flaw there is still validity in the unacceptably high levels of non-completion and the only marginal improvements over the reporting period.

Recently released data from the NCVER which uses new modelling based on trainee recommencements provides a clearer picture of retention specifically in the agriculture related sectors. While projections indicate completion rates of 59.6 percent across all occupations it should be highlighted that for those classified as 'skilled animal and horticultural workers', projected completion rates fall well below (50.2%). Based on actual and projected completion rates there is evidence that suggests at best only a modest improvement in student completions since 2004 has occurred.²⁹

The issue of apprentice retention rates is in no way unique to Australia and has received substantial attention in the UK where completions between 2007-08 stood at 64%.³⁰ In the UK report it was careful to point out the difficulty with comparing international training outcomes due to statistical anomalies however it did identify fundamental deficiencies that do have parallels to those identified in Australia. The report findings in part mirror the recommendations made by Skills Australia in its report '*A Shared Responsibility - Apprenticeships for the 21st Century*', in which it 'recognises

²⁹ NCVER Australian vocational education and training statistics – Completion and attrition rates for apprentices and trainees 2010

³⁰ UK Learning and Skills Council Maximising Apprenticeship Completion Rates December 2009

the value of mentoring and pastoral care in supporting apprentices and trainees'³¹.

While the UK apprenticeship system is aiming to achieve a 70-80% completion rate, Agriculture training in this country struggles to achieve 46-47 percent completion. In terms of the substantial economic burden such abysmal outcomes must have on limited training resources; the implications are that industry is not being provided with the skills it requires to maintain its future sustainability. The time to look critically at the training system and confront its vulnerabilities at both the demand and supply end of the system has well passed.

PSV is suggesting that a far more strategic approach is adopted in supporting those apprentices and trainees that decide to undertake a career in agriculture and that are supported by employers in reaching completion. The quality of training both on and off-the-job requires the same attention that the state regulatory authority has applied in relation to procedural compliance. While the issue of wages continues to be one factor that influences completion it is in no way the only determinant. There is clear evidence that suggests support of the apprentice and trainee is pivotal to achieving a positive outcome. The current policy that infers employers have an equal right to employ apprentices and trainees without providing adequate on-the-job support has to be seriously questioned.

It is acknowledged that industry has an obligation to ensure that the young people so crucial to its future are adequately mentored through their training. Whether it is through an auditing process or certification scheme, employers need to be assisted not just through financial incentives but assistance in ensuring pastoral and academic support is provided.

Recommendation

That:

- 13. An industry based certification scheme is established that is interlinked with government incentives that evaluates and assesses the capacity of a workplace to provide the pastoral care and mentoring of apprentices and trainees.**
- 14. Incentives are directed to facilitate structured support of apprentices and trainees employed by those businesses assessed as providing high quality on-the-job and off-the-job training.**
- 15. Employers of trainees are provided support to develop an integrated workforce development plan that builds on skills and ability to ensure the transfer and utilisation of skills to their workforce.**

³¹ DEEWR A shared responsibility – Apprenticeships for the 21st Century Expert Panel. January 2011

Image & Promotion

The attraction of young people to the agriculture industry is a phenomenon that is not unique to this sector. The downturn being experienced in the manufacturing sector and consequent skills shortage issues parallel that evidenced in agriculture. Buchanan (2003) in his review of the labour and skill issues within the manufacturing and engineering industry of NSW stated:

'The roots of the difficulties in attracting young people to the sector do not simply lie in the image-problems, ignorant career advisers, IT boosterism and outdated stereotypes. The sector itself is doing little to address the problem and by its actions does little to attract young people, not least of all in its approaches to training³²'.

To some extent the comments reflect many of the problems that agriculture is grappling with and the attitudes and possibly the myths that pervade the sector. The crux of the problem does sit squarely at the feet of industry though the immediate challenges of farming may often place training and education further down the agenda.

There is certainly anecdotal information that supports the belief that agriculture as a career is not being promoted effectively in our secondary schools however it is difficult to test the veracity of this claim. Similarly, there is the perception that agriculture is not being adequately promoted as a progressive and vibrant industry. The media's portrayal of farming being an industry rife with environmental catastrophe, economic uncertainty and welfare dependency compounds the dissemination of positive messages into the community.

In a review undertaken by Regional Development Victoria (RDV) they attribute the steady decline in enrolments to a number of reasons:

- Lack of quality information for career advisors on agricultural careers;
- Low academic, outdoor work stereotype;
- City and country disconnect;
- Limited marketing resources of RTOs;
- Farming parents guiding their children to careers other than agriculture;
- Traditional student cohort being drawn to environmental sciences;
- The stigma associated with Vet in Schools students undertaking agriculture as the "trouble-makers" or less academically inclined³³.

Recommendation

That:

16. Adequate resources are allocated to enhance and expand existing PSV developed promotional materials designed to assist careers teachers and students.

³² Buchanan & Briggs, Not with a bang but a whimper? Skills and the future of NSW Manufacturing and Engineering, November 2003

³³ Performance issues impacting on the future development of the Victorian agrifood sector 2010 McKinna et al.

Employers of Choice

The images that have been perpetuated are, in part, the responsibility of industry to turn around. The challenges that now confront the sector demand an innovative and coordinated response to increasing the profile of this industry and conveying a positive and sustainable outlook. Agriculture has its fair share of progressive and dynamic farmers that are fantastic role models for the industry though whether this message is reaching the schools is uncertain.

As already discussed, the support provided to employers by government is acknowledgement of the time and effort that is invested in providing structured on-the-job training and mentoring. There is however evidence across all industries that draws a relationship between low levels of completion and retention with poor employer support. While there is no suggestion that this is of epidemic proportions the reality is that the commitment of the vast majority can be undermined by the actions of a few.

Support by the Victorian Government in conjunction with that of industry groups such as the Victorian Farmers Federation (VFF), needs to develop a well targeted advertising campaign that focuses on the skills, technology and opportunities that exist in the agriculture industry. Careers teachers need the resources to engage young people using the communication technologies that attract the next farming generation. The development of mobile applications (apps), Twitter, Facebook and similar social communication tools not only allow the industry to interact with youth but demonstrates an industry that is progressive and in touch.

The VFF and work undertaken by the Young Agribusiness Professionals (YAPs) have clearly made a commitment to utilise the medium however sustaining this requires resourcing and assurance of future funding. The Liberal Nationals Coalition Plan 2010 pre-election document identified the significant role of the next farming generation and made a commitment to:

'Support a vibrant Victorian Rural Youth Organisation bringing together young rural-based men and women and providing them with access to support networks, mentoring opportunities, leadership development and social skill growth opportunities³⁴'.

Workforce development planning attached to targeted training incentives will ensure sustainable career outcomes.

The announcement in August 2011 of the Victorian Rural Youth Ambassadors initiative to discuss issues of retention rates and the provision of \$245,000 this year to support the Country Education Project is an indication of the level of investment that government is prepared to make to ensure farming has a future and that young people have opportunities to establish rewarding careers. PSV recognises and supports the ongoing engagement strategy and encourages further investment in promoting and supporting quality training and education in rural communities.

While encouraging agricultural careers presents its challenges the breakdown of the relationship between the employer and the trainee or apprentice is the biggest threat to non-completion of agricultural qualifications. Governments need to take a leading role by demonstrating

³⁴ The Victorian Liberal Nationals Coalition's Policy and Plans for the 2010 State Election. *The Victorian Liberal Nationals Coalition Plan For Agriculture p.5*

a stronger commitment to the monitoring of employment conditions and quality of training to ensure that the obligations of employers are being met.

There is serious need for Victoria to follow the example of other states in adopting a holistic approach that not only considers recruitment but places increased efforts into the retention of young people commencing their agriculture careers. Governments invest heavily in training and employers have a shared responsibility to ensure they are adequately equipped to provide a like investment in terms of support and mentoring new industry recruits. An extension of the South Australian registration system in which has been in operation since 2008 is a recognition system that could designate a status of 'Employer of Choice' to employers who demonstrate a commitment to training. It is a concept raised by the *Apprenticeships for the 21st Century Expert Panel*³⁵ and highlights the responsibility that employers have in supporting young people undertaking training. It is also a system that demonstrates to the community that as an industry there is a commitment to developing careers and fostering a positive culture of investment in the industry's future.

Recommendation

That:

17. An industry wide accreditation system (employers of choice) as operating in South Australia is implemented in Victoria that endorses employers who are committed and able to provide the training and ongoing support mechanisms to support trainees and apprentices.

The Training Environment

"A world class market-driven TAFE and vocational training system – designed to deliver the expertise and skills to unleash a new wave of innovation in Australian industry."³⁶

The Victorian training system has experienced substantial upheaval and realignment in an environment that is increasingly more uncertain and fiercely competitive. Large TAFE institutes have to contend with a system that dictates training provision on the basis of demand and financial viability. The training system has for some time been subject to much criticism over recent years as being too slow and unresponsive to the needs of industry. To some extent this is true though as already indicated, industry also has an obligation to support training.

While much focus has been directed to the aging of the agricultural workforce the problem is one that the training sector also has to grapple with. The skills and expertise of trainers is also being lost as the workforce nears retirement and the ability to attract new trainers is becoming increasingly more difficult.

For some time the professionalism of teaching has been eroded by the increasing casualisation of the workforce and the diminution of pedagogy as a substantive skill of the VET practitioner. The Certificate IV in Training and Assessment (Cert IV TAE) which forms the basis for VET trainers is inadequate and has itself been subject to questionable standards of

³⁵ DEEWR A shared responsibility – Apprenticeships for the 21st Century Expert Panel. January 2011, p51

³⁶ Julia Gillard speech to Centre for Economic Development (CEDA) February 1 2011 <http://www.pm.gov.au/press-office/speech-ceda-luncheon> <Accessed September 2011>

delivery. The emphasis of this qualification is on compliance and regulation rather than the fundamentals of teaching practice. Our professional training system is structured around a workforce that is vocationally skilled but may well lack the pedagogical principles that are central to professional practice.

Comments from RTOs are that trainers are being drawn away from their essential training role and diverted towards the increasing demands of compliance. It would appear that we are developing a training system monitored by a bureaucratically driven quality assurance system which fails to address the real issues of quality delivery. The irony is that the Australian Quality and Training Framework (AQTF), which purports to deliver a national set of standards in order to ensure nationally consistent, high-quality training and assessment services for clients of the VET system, is failing to achieve its objective. The standards and the auditing system that ensures compliance is driven by the quality of processes rather than the quality of delivery content. The consequence of this is an industry that is increasingly more sceptical and disengaged in a training system that is failing to deliver consistent quality outcomes.

VET teaching and training has, in recent years, come under much scrutiny regarding its central role of stimulating productivity outcomes and levels of participation in the Australian workforce. Some have been highly critical of the standard of training delivered by our VET system which to some extent is reflective of the levels of engagement in certain industry sectors. While the negativity conveyed is unconstructive and to some extent not always justified there is sufficient concern that warrants a more holistic appraisal of our VET system and subsequent industry perceptions.

Wheelehan & Moodie (2011)³⁷ in their research of VET teaching practice have put forward a number of reforms that would place greater emphasis on pedagogy, student diversity and social inclusiveness that will refocus attention within the vocational sector on aspects of learning rather than purely assessment of skill. The report recognises the diversity of training contexts within our VET system and suggests a 'nested model of qualifications' that better equip teachers and trainers to support their students.

The Vocational Education and Training System (VET) plays a vital role in preparing people for work and responding to labour market needs by delivering the skills required by industry. For many years the Victorian VET sector had been carefully developed and was held up as a model training system, envied by other countries around the world however there is a growing perception that the Victorian VET system has suffered for a number of years and as pointed out in the 2010 OECD report:

'... has been oddly neglected and marginalised in policy discussions, often overshadowed by the increasing emphasis on general academic education and the role of schools in preparing students for university education'.³⁸

Industry stakeholders are also expressing concern that Vocational Education and Training has been neglected, and now requires policy to re-install consumer confidence in the quality of outcomes it delivers and resume its status on the world stage.

³⁷ Wheelehan, L and Moodie, G. (2011) The quality of teaching in VET: final report and recommendations
³⁸ OECD Reviews of Vocational Education and Training – Learning for Jobs, 2010

With the demise of rural agricultural colleges across the state, vocational training within the very regions that they support has also contributed to the decline particularly in the area of post secondary training. While there are examples of TAFE providers on the Melbourne fringe providing a diversity of training options, the reality is that successive governments have failed to adequately support agricultural training in rural communities.

Workforce development planning attached to targeted training incentives will ensure sustainable career outcomes.

Losing significant components of the training infrastructure is itself an indictment upon successive governments however the available pool of specialist trainers capable of delivering the future workforce skills has also been seriously compromised. It is PSV's position that, as with the Medical Rural Bonded Scholarships designed to attract and retain healthcare professionals in rural communities, a similar scholarship arrangement should be introduced across the agriculture sector. The implementation of an 'Agriculture Rural Bonded Scholarship' for students undertaking agricultural science degrees in conjunction with appropriate funding of rural campuses will provide the impetus for a better skilled industry and defined career pathways.

Recommendation

That:

18. An 'Agriculture Rural Bonded Scholarship' is established to attract and retain highly skilled and qualified people to deliver training in regional institutes and secondary schools.
19. The Victorian Government ensures specialist agriculture training facilities as existed prior to Melbourne University's are reinstated and resourced.
20. Develop a specialist regional agriculture campus that will provide an integrated senior secondary / VET training environment.

Increased Transparency

Governments make substantial investment in the provision of training however the true value of this commitment and the capacity to evaluate training provision is for the most part unavailable or simply undisclosed to majority of students. For the majority the true cost of training are the fees and charges taken at enrolment. The underlying charges that service the RTO administration and the total and true contribution provided by government is not revealed. It could well be argued that the value of training is being devalued by the lack of full disclosure.

In its 2010 budget the Federal Government announced the allocation of \$4.1 million over four years for the development of the 'My Skills' website designed to assist employers and students to make informed decisions on VET options. The concept as outlined by the DEEWR suggests that at its initial stage it will facilitate the collation of basic performance data which will provide some form of benchmarking and evaluation of public providers around the country. Further expansion of the website in 2012 will seek to capture data from the rapidly expanding cohort of private RTOs in receipt of government funding³⁹.

³⁹ <http://www.deewr.gov.au/Department/Budget/Documents/FactSheet10BudgetMySkills-JS.pdf> <Accessed 26 September, 2011>

While such a move will simplify the decision making process for students and industry there is some scepticism in presenting this model as the panacea of the issues which are particularly pertinent to Victoria's training system. It is PSV's view that a complimentary web portal specifically developed for the Victorian training system could ensure that the enormous financial investment made by the State Government and the full cost of training is disclosed.

In the United States consumers have the opportunity to evaluate and compare the training they purchase through the College Navigator⁴⁰. The tool provides prospective students with a searchable list of training providers, both public and private, that deliver vocational and tertiary training. Integrated into this is the 'College Affordability and Transparency Centre'⁴¹ web portal that provides funding data and fees for courses across the US (Figure 1).

Figure 1 College Affordability and Transparency Centre website

Consumers of publicly funded training in a demand driven system should be fully informed not just as to the upfront charges they are to incur but also the investment by government in the training they receive. The cost of training goes far beyond the enrolment fees but for students the true cost and ability to compare the investment being made is hidden. In some ways the quality of training provided and the negativity perpetuated from apparent low cost training, devalues public perception of vocational qualifications. It is PSV's view that a similar system as developed in the United States should be established for all Victorian training providers in receipt of government funding to disclose fully their fees and charges and more importantly the contribution made by government.

There will undoubtedly be concerns raised by RTOs that the data is commercial in confidence however there has to be acknowledgement that the taxpayer also has a right to know how finite funding is being spent and the returns they are likely to receive from their training investment.

⁴⁰ College Navigator <http://nces.ed.gov/collegenavigator/> <Accessed September 2011>

⁴¹ College Affordability and Transparency Centre <http://collegecost.ed.gov/catc/Default.aspx> <accessed September 2011>

Recommendation

That:

21. The Victorian Government establishes a '*VET Affordability and Transparency Portal*' to provide students and employers full public disclosure of RTOs in receipt of government funding. The portal should provide information on:

- fees and charges;
- government funding that is released;
- administrative overheads and charges;
- audit outcomes and compliance;
- assessment outcomes and methodology;
- completion outcomes.

FarmTrax - Model Partnerships and Pathways

Victoria is at risk of losing its well founded reputation as a provider of specialist agricultural training. For many the demise of the purpose built regional Victorian College of Agriculture and Horticulture (VCAH) training facilities was for agriculture a loss of identity and a breakdown in its connection with training and education. The industry has long been in need of a regional training campus that not only reconnects agriculture and training but integrates vocational education into mainstream secondary education.

The *Gateway Schools to Industry* program operating in south Queensland Region is providing an integrated pathway for young people in secondary schools with the agricultural industry. The program builds on industry commitment to support young people still at school who have an interest in gaining practical experience across the agriculture industry⁴².

This program is a collaborative model between industry, the Queensland Department of Education and Training and the Queensland Department of Employment, Economic Development and Innovation. It is a program that has forged ties between industry and government to create valuable links between schools in the region and deliver career and employment opportunities to what is hoped will be our future farmers⁴³.

FarmTRAX as proposed by PSV is a model developed for the Victorian agriculture context has the capacity to reinvigorate an interest in tangible and highly productive career opportunities in Victoria. PSV sees a need for the development of contextualised curriculum within targeted rural and regional secondary schools which embed agricultural skills into the curriculum. In working closely with industry and secondary school teachers, prospective students gain practical skills that improve future employment prospects or lead to further vocational training or tertiary education.

⁴² The Gateways School Project <http://www.gatewayschools.qld.gov.au/agribusiness/>

⁴³ Kapitzke & Hay (2011) Inside Teaching, *Industry school partnerships – Real-world learning through the Gateway Schools Project*, April Edn. pp44-47

The key to this program is that it is about establishing skills and links with industry for the long term. It is a program in which industry plays an integral role that helps foster a sense of ownership and connection with the workforce of the future. The program also incorporates professional development for the teachers to ensure they have the fundamental skills required to provide the knowledge that underpins the technical skills.

The success of the program in 2010 initiated the inclusion of a week-long Agriculture Training Camp in which Year 12 school students are provided intensive practical training at a specialist agriculture training facility⁴⁴. Students develop the basic skills to make them work ready but also immerse them in an industry that is prepared to support and add value to their ongoing careers. The *Gateway Schools to Industry* program epitomises strength through securing relationships between industry and education to ensure credible training outcomes.

With appropriate resourcing PSV could further develop its well established reputation within the Victorian agriculture industry to implement an engagement strategy (**FarmTRAX**) with the secondary school sector, industry and VET further education providers. PSV is in a unique position with its well established industry relationships and intimate understanding of the pertinent issues in Victoria to facilitate a coordinated and integrated pilot program to reconnect young people to the career opportunities that exist across agriculture.

Recommendation

That:

22. Support is provided to implement an enhanced Victorian focused school to industry pilot program for agriculture that will:

- Reinforce industry engagement and ownership of the training system.
- Create partnerships with industry to enable young people to acquire the skills and knowledge to participate effectively in industry.
- Develop an integrated Victorian workforce development strategy - FarmTRAX
- Develop clear and rewarding career and education pathways for our future agriculture professionals.
- Promote an industry that supports and mentors young people.
- Provide young people who have real skills and are job ready.
- Provide professional development in agriculture skills for teachers in selected rural secondary schools.
- Develop innovative senior secondary curriculum that embeds agriculture principles.
- Focus on Victorian agricultural training based on local industry intelligence.

⁴⁴ Skills Queensland, Gateway to Industry Schools Program - Project Report 2010

Fostering Relationships

As an Industry Training Advisory Board (ITAB) PSV has a historical commitment of promoting and supporting industry engagement with training and skills development to enhance economic productivity and build robust communities. PSV has implemented numerous industry engagement projects that successfully connect training providers and employers with capable and committed young people who see career opportunities across the horticulture and agriculture industries.

Since 2010 PSV with funding provided by Australian Wool Innovation Ltd (AWI) has brought together training providers, farmers and secondary school students into tailored industry workshops that provide practical skills and exposure to young people the huge opportunities that exist in this sector. PSV's successful cadetship pilot with the nursery industry brought disparate groups together to promote career opportunities and industry commitment to training. The benefits of these programs are still being felt in industry sectors that have struggled for some time to attract young people.

Instilling industry confidence and support of the training sector is only part of PSV's function. Ensuring industry has an opportunity to access training that is relevant, credible and accessible is at the core of PSV's responsibility as it is to ensure the skills central to the prosperity of the state are being delivered. With insufficient resourcing and the ever increasing expectations on PSV by government to identify and resolve areas of market failure as well as the facilitation of training solutions and demand stimulation activities, there has been a gradual diminution in its capacity to adequately tackle the varied challenges that confront the agriculture sector. PSV's capacity to gather industry intelligence has been substantially reduced over the last five years due to diminished resourcing. The implications of this are significant and will invariably continue to impact upon future industry engagement with training.

In December 2010, SED Consulting was engaged by Skills Victoria to propose a workforce development strategy for the grains and dairy sectors⁴⁵. The consultation process brought together farmers, managers, local government, training providers and representatives from relevant peak industry bodies. PSV was also consulted and invited to contribute to the report's findings.

The final report developed a workforce development model specifically for the grains industry which proposed the establishment of management bodies across all the Victorian primary industries that would coordinate workforce development. The model utilises the training broker role of the Grains Industry Training Network (GITN) to facilitate linkages between industry participants, training providers and industry bodies.

While GITN has demonstrated success in implementing this function for some time prior to the report's release, the report recommends a further expansion of the workforce development strategy by appointing a network of regional workforce development coordinators. While this has so far not been adopted it is a concept that PSV has endorsed in part and refined to accommodate the needs across the entire agriculture industry.

⁴⁵ SED Consulting 'Workforce development plan for the Victorian grains and dairy industries' December 2010

Workforce Development

There is no dispute from PSV or AgriFood Skills Australia that the success of skills development hinges on training brokers such as GITN and 'people development managers' that can service the needs of rural communities. The model put forward by PSV (Appendix 1) expands on the regional emphasis but suggests that the regional workforce development concept is expanded to reflect the demands of all agriculture sectors. It should also be noted however that the model developed and partially implemented does not have industry-wide support.

PSV is proposing the formation of a Workforce Development Taskforce that would oversee the appointment of six regional coordinators and provide feedback to government and key stakeholders. The regional coordinators would act as training brokers but have an intimate understanding of the challenges unique to their region. The intention is to establish a workforce development model as an adjunct to the *Gateway Schools to Industry* style program integrated with a coordinated, regional workforce development strategy.

In effect, what PSV is proposing is an extension of the SED proposal but with an overarching and coordinated strategy that minimises duplication and wastage of resources. It should also be stressed that the proposed model is designed to acknowledge industry engagement strategies that have already established their credentials and gained broad support. What is devised must integrate into existing and well established industry networks but provide a centralised and clear voice.

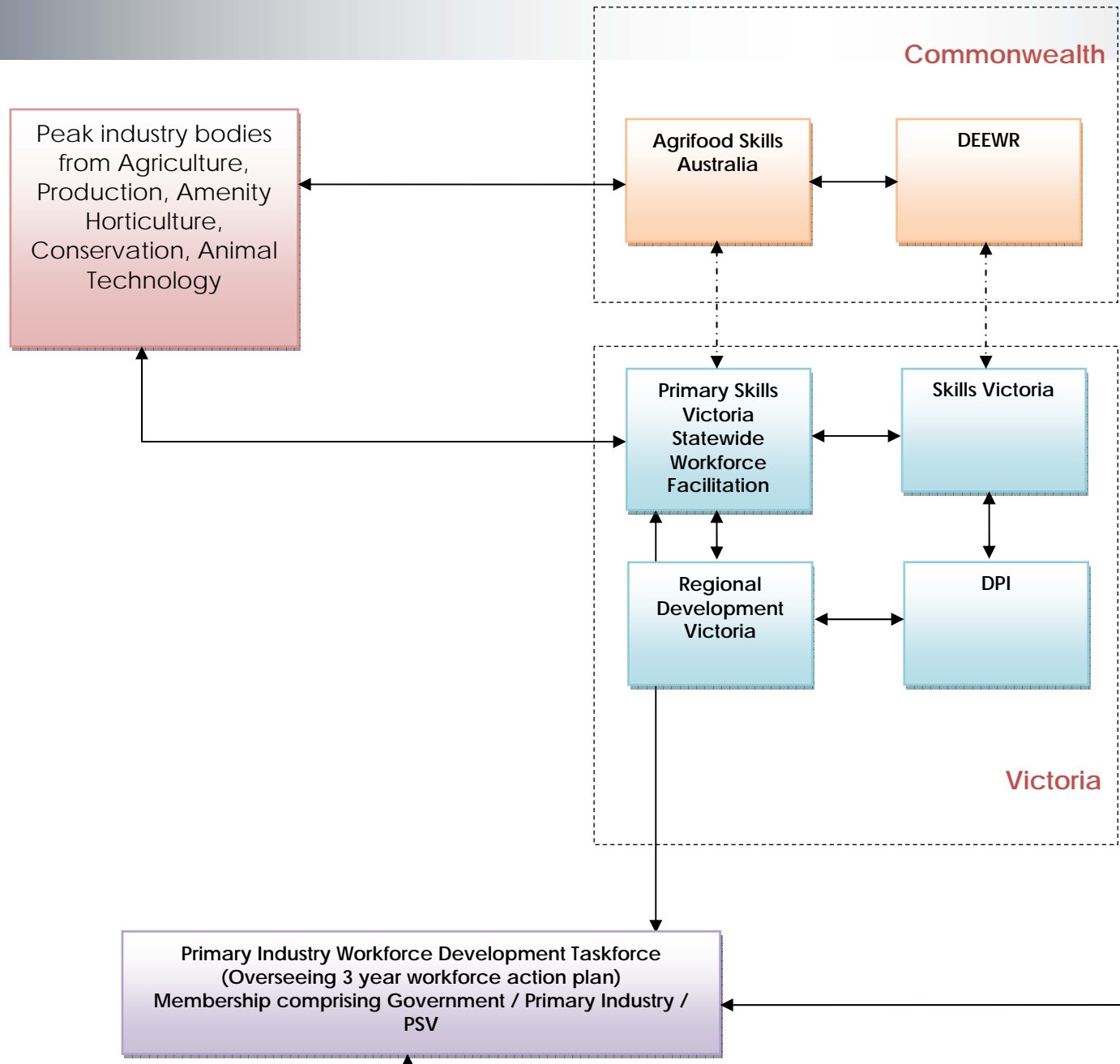
Recommendation

That:

23. There is a coordinated approach to provide workforce development across the Victorian agriculture industry which entails:

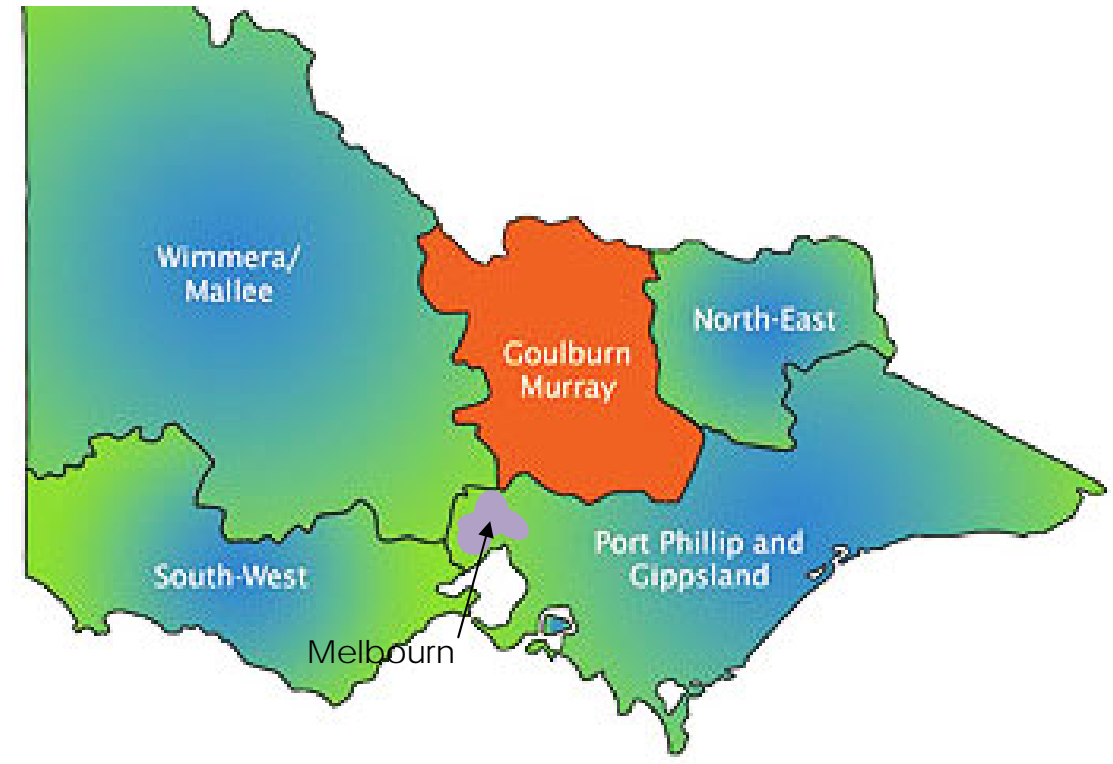
- The appointment of regional coordinators to identify local agricultural training requirements.
- Regional coordinators to facilitate brokerage and mentoring roles to link industry with training providers.
- A coordinated approach to gather industry intelligence on industry training needs.
- A mechanism to identify market failures and facilitate a strategic response.

Appendix



Appendix 1:

Proposed Victorian Workforce Development Model



Primary Industry Workforce Development Taskforce
 (Overseeing 3 year workforce action plan)
 Membership comprising Government / Primary Industry / PSV

