



Submission to Senate Select Committee Inquiry into the Australia's Food Processing Sector

30 September 2011

Level 3, 10-12 Brisbane Avenue, Barton ACT 2600 PO Box 5450, Kingston ACT 2604
t: 02 6163 7200 f: 02 6162 0610 w: www.agrifoodskills.net.au

It's all about

Skills

AgriFood Skills Australia ABN 56 109 613 256

Who we are

Agrifood Skills Australia (AgriFood) is one of 11 independent, not-for-profit Industry Skills Councils established by the Australian Government.

Led by industry and largely funded by Government, AgriFood is charged with driving the skills and workforce development agenda across 43 sectors that include food processing, beverages, meat, seafood, agriculture, horticulture, conservation and land management, pharmaceutical and racing.

Working in partnership with industry, governments, communities and the tertiary system, AgriFood's strategies and priorities are:

- Building enterprise productivity;
- Supporting high quality delivery and assessment of skills;
- Improving industry image and career pathways; and
- Driving industry leadership and sound policy.

Skills and Labour Challenges for the Food Processing Sector

Australia's food processing industry needs to become more productive, innovative and flexible to meet the challenges of:

- maintaining our food security while ensuring our safety and nutrition objectives are met; and
- remaining competitive in domestic and international markets in commodity and value-added production

However, the industry is increasingly vulnerable to three trends: an ageing workforce in the food industry including its scientists, a lack of higher level skills now needed at all levels in the value chain, and key labour shortages in the regions and in certain key job roles. The impact of these trends is accelerating.

This is occurring at a time when we need innovative and capable enterprises able to increase production and apply the best available research and development for increasing yield, product quality and business efficiency.

It is critical that labour and skills issues are addressed holistically in terms of their impact on all levels of the food supply chain, while recognising their importance to driving productivity, sustainability, affordability, nutrition and safety across the sector. It is not simply a matter of more training or even sourcing more labour, but ensuring that industry's demand for the higher-level skills and a capable workforce can be met.

Industry needs to increase its level of investment in VET training, which NCVER figures indicate has decreased between 2005 and 2009 (Table 1). Table 1 provides comparative data on the numbers of students undertaking VET training under agrifood training packages. These data reveal that of the nine Agrifood Training packages, the food processing industry

Level 3, 10-12 Brisbane Avenue, Barton ACT 2600 PO Box 5450, Kingston ACT 2604
t: 02 6163 7200 f: 02 6162 0610 w: www.agrifoodskills.net.au

It's all about *Skills*

AgriFood Skills Australia ABN 56 109 613 256

is middle ranking in terms of training take-up. These data indicate that there is generally an underinvestment by industry in food-related skills, partly as a result of poor experiences with the training and education system, the economics of thin markets for training providers, poor labour force data and poor information on what is possible and what results can be expected. As well, there is a need to improve the perception of the industry as an attractive and rewarding place to work in a competitive labour market. It is clear that industry needs to increase its level of training investment at the enterprise level, and building an attractive workplace culture based on valuing and retaining its workforce.

Table 1 VET students and course completions in agrifood training packages, 2005-09

	2005	2006	2007	2008	2009
	%	%	%	%	%
Students					
AGF - Agri-food	0.0	0.0	0.0	0.0	0.0
FDF - Food processing industry	17.4	15.8	17.4	15.2	12.4
MTM - Australian meat industry	15.0	14.8	13.6	14.2	14.6
RGR - Racing industry	1.3	1.5	1.5	1.6	1.9
RTD - Conservation and land management	9.5	9.8	8.8	9.2	10.5
RTE - Rural production (includes RUA)	22.1	24.9	23.3	24.9	24.8
RTF - Amenity horticulture (includes RUH)	27.2	25.0	25.1	24.0	24.6
RUV - Animal care & management	4.8	5.4	6.6	7.9	8.5
SFI - Seafood industry	2.7	2.7	3.7	3.1	2.5
SUG - Sugar milling	0.1	0.1	0.0	0.0	0.1
Total (%)	100.0	100.0	100.0	100.0	100.0
Total (no.)	83 005	84 085	82 410	80 867	83 497
Course completions					
AGF - Agri-food	0.0	0.0	0.0	0.1	-
FDF - Food processing industry	19.0	15.1	18.5	14.6	-
MTM - Australian meat industry	16.7	20.5	19.7	18.1	-
RGR - Racing industry	1.8	2.0	1.8	2.3	-
RTD - Conservation and land management	7.5	7.1	7.1	7.5	-
RTE - Rural production (includes RUA)	17.9	19.4	18.6	19.6	-
RTF - Amenity horticulture (includes RUH)	26.6	24.7	24.2	25.3	-
RUV - Animal care & management	7.6	8.3	8.1	10.4	-
SFI - Seafood industry	2.9	3.0	2.0	2.1	-
SUG - Sugar milling	0.0	0.0	0.0	0.0	-
Total (%)	100.0	100.0	100.0	100.0	-
Total (no.)	18 432	18 807	20 084	20 752	-

Source: Source: National VET provider collection, 2005-09 and Appendix table B13.

Note: Course completion statistics for 2009 are not presented because they are based on preliminary submissions.

The resources boom will both magnify and accelerate these vulnerabilities. This is particularly in regional Australia where many food processing establishments are located and dependent on the food production supply chain, which is vulnerable to workforce attrition to the resources boom due to portability of skills. Across the supply chain enterprises are competing for an already scarce labour pool at higher pay-rates than the food sector can offer. If not addressed (discussed below), these factors may threaten the sustainability of Australia's food industry as a whole – with significant implications for

regional social fabric, the economy and the environment. My understanding (mining industry sources) is that most of the losses to mining are from agriculture, the trades and construction. There are five priority skills and workforce development challenges, identified by AgriFood in consultation with the food industry, that necessitate new thinking and an unprecedented level of collaboration between regional Australia, industry, governments and a re-conceived training system. They are the need to improve:

1. Employer culture and industry leadership
2. Attraction of workers
3. Adoption of higher level skills across the workforce
4. Adoption and diffusion of new research findings, innovative practice and technology
5. Workforce retention and effective skills utilisation

Please refer to Appendix A for the most recent review of skills and labour needs in the industry.

Solutions

The solutions to this ‘*food skills crisis*’ does not lie with the education and training system alone and nor is it solely a supply driven solution. It must start from adopting a “whole of food business” perspective, and which adopts a range of complementary strategies as part of a broader workforce development strategy. Indeed the meeting of its skill requirements in this broader context, will increasingly determine a business’s ongoing viability and sustainability.

- **Traditional apprenticeship and traineeship models.** Traditional apprenticeship and traineeship models across all industries are under pressure to perform. For some time, Australia has seen high non-completion rates across states, difficulties in attracting new apprentices in areas of major skills shortages and debates about the need for alternative models, including more accelerated forms of apprenticeships. New job roles across food sectors at *para-professional* and technician levels are rapidly emerging in response to the need for deeper knowledge and higher level skills. Employment based training pathways need to be identified to support entry into these job roles. There is strong support for the notion of AgriFood cadetships – both as an overt response to the higher skilled job roles now available in contemporary industry and as a means of giving talented people an attractive, employment based training pathway. Agrifood cadetships hold significant potential as a pathway from VET in Schools and national curriculum. Their technology and science focus should also open up secure articulation into undergraduate programs.
- **Skills Ecosystems and Regional Solutions.** Scope needs to be provided for bringing local communities together with the food and other major industries to share experiences and develop “*skills ecosystems*” and regional solutions to ensure sufficient skills and labour are available into the future. About half of Australia’s food processors are located in regional Australia. A successful model, developed and validated by AgriFood, is already available to take this forward. Skill ecosystem models can empower communities and industry to build robust skilled workforces through local advice and decision making and to make better use of local expert intermediaries who understand regional needs, and can broker more customised solutions.

Level 3, 10-12 Brisbane Avenue, Barton ACT 2600 PO Box 5450, Kingston ACT 2604
t: 02 6163 7200 f: 02 6162 0610 w: www.agrifoodskills.net.au

It's all about *Skills*

AgriFood Skills Australia ABN 56 109 613 256

- **Becoming an Employer of Choice.** An important objective that food processing companies be encouraged to become “*employers of choice*” where skilled leaders and managers create contemporary and rewarding jobs and workplaces. which are attractive to the talented new entrants and existing workers. The solution lies in the delivery of leadership and business skills in food enterprises and a much stronger emphasis on best practice workforce development and employment practices across the value chain. Any initiatives must be sufficiently flexible to address the skill needs of large and small enterprises. The business skills needs of smaller food companies are not as well catered for by government programs delivering key business skills to owners and managers.
- **The Importance of effective Skills and Workforce Development.** Many enterprises in the food industry sector do not undertake workforce analysis and development. There is often an emphasis on training alone, with poor skill and workforce needs diagnosis, and linking this to whole-of-enterprise business needs. AgriFood has conducted a substantial program of skill needs analysis in recent years including of various food manufacturers. Key lessons include the need to improve basic frontline management and leadership skills, computer literacy and better induction for new workers. In some cases a lack of performance can be directly attributable to poor overall business systems rather than inadequate skills per se.
- **Embracing the Sustainability Challenge.** The business sustainability challenge presents a critical opportunity to refocus vulnerable industry sectors on the return on investment to be had from effective and innovative workforce development. Indeed, without it, many smaller food processors are unlikely to be sustainable in the medium term due to rising energy prices and market pressures.
 - Diagnostics tools and engineering solutions are a necessary but not sufficient condition for success. This is due to the difficulty of securing workforce commitment to, and ownership of, sustainability initiatives. The solution lies in addressing this “people factor” through changing organisational culture. The need for sustainability skills, and the cultural change that must accompany it, has been a consistent theme identified by AgriFood in its annual Environmental Scans in recent years, throughout a business sustainability program with food processing SMEs conducted over the last two years, and the recent update of the Food Processing Training Package. At the same time, AgriFood has demonstrated that there is little support available for leaders and owners of SME food processors looking to achieve enduring cultural change in the workforce and which is tailored to their specific needs.
 - AgriFood has produced a set of tools customised to these enterprises and will conduct a pilot program to be known as Sustainability Essentials for Executives (SEE) during 2012 to meet this gap. This six month pilot program, funded by DEEWR and several State Governments and Regional Development Australia will create a unique fusion of university level management theory with the *Vocational Education and Training (VET) system’s* capacity to ensure people have the right skills to do their jobs effectively.
- **Adopting a Contemporary Industry Image:** It is important that there be effort focused on *contemporising industry’s image as a place to work and grow*. Academics, policy makers and even careers advisors are susceptible to the stereotypical image of the food sector as lower skilled and offering poor job and career options. To the contrary, the industry has a wide range of technical and highly sophisticated job roles in vibrant, world class companies. Promoting an industry image which focuses on contemporary and emerging job roles, and importantly the career ‘pathways’ they open up, remains paramount.

- *Schools and Industry Pathways:* Several industry bodies in sectors such as amenity horticulture, dairy and racing have done well in getting the message out to schools through on-line multimedia. But this will always need to be backed up at a local level by businesses and their engagement with local schools to convert a student's interest into a chosen vocation.
 - *Industry Pathways Program (IPP):* An IPP comprises an industry endorsed set of learning strategies, career resources and nationally accredited VET competencies and/or qualification(s) that articulate into apprenticeships, traineeships, further education or training, and direct employment. For example, AgriFood is involved in South Australia in developing an Industry Pathways Program for Food Processing and Presentation (FPP). The main focus of the FPP IPP will be to encourage students to consider a career in the food sector by being offered a comprehensive range of options and non-linear pathways.
 - *Promoting Science Careers:* The Primary Industry Centre for Science Education (PICSE) – promotes science careers principally in the primary industries for talented students year 11 and 12 students. This initiative could usefully be further extended, with government and industry support, to cover food science and technology.
- **Broadening Access of International Labour Supply to Industry:** Due to the demographic factors discussed above, there is a growing demand for labour which will not be met by national labour supply. A key barrier for industry to be eligible for skills programs is the ANZSCO code system. This system does not accurately reflect the occupations within the food processing industry, and where it does, the skill level requirements are at too low a level.
- The ANZSCO system provides the framework and classification system used by the Australian Government to research and govern the National Skills Needs List, Skilled Migration criteria, and the Skilled Occupation List. We recommend the development of a semi-skilled list for incorporation into the Regional Sponsored Migration Scheme and the ANZSCO occupational titles for the food processing sector.
 - The Australian Government is trialling a low skilled seasonal labour supply scheme- the Pacific Seasonal Worker Pilot Scheme, which is currently limited to production horticulture. We request that the Government make this Scheme permanent and extend access of labour to the food processing sector at the end of the Pilot period in June 2012.
- **Increasing the Scope, Flexibility and Volume of Government Training Funding:** The solutions mentioned above require better engagement and deeper partnerships by industry with the education system and training providers to increase the quality and quantity of existing employees, as well as providing more job ready graduates and school leavers. Government funding of training must be made much more flexible to make this a reality. The important emphasis on higher skills should not, however, have to be at the expense of some industries need for a better supply of lower skill labour.
- There will be no solution without greater recognition of the place of VET as well as the university sector, supported by a more flexible, responsive, demand driven skills funding model than is the case today. The food industry supports broadening the scope of VET so that it offers solution-driven approaches to skills and workforce development. This requires the VET system be expanded and re-engineered into a contemporary industry-driven system for skills and workforce development, capable of responding more quickly to need.

- The model underpinning the Enterprise Based Productivity Partnerships (EBPPP) and the *National Workforce Development Fund* is critical. They are brokered by the Industry Skills Councils such as AgriFood. As national programs, they also help overcome the different funding arrangements in each state which is a major impediment to national enterprises and training organisations operating across state borders. The model is demand-driven, based on diagnosed enterprise needs rather than training organisations deciding what should be delivered. The program is very versatile and best suited to food industry skill needs. The latent demand for this style of delivery suggests that funding could be significantly expanded across the food industry. Food industry participants confirm that without EBPPP, less training would have been undertaken, and more likely only for compliance reasons – rather than, as it has been, for assisting adoption of new technology, retaining workers and improving overall returns.

Conclusion

Enterprises are facing radical changes to traditional business models – overlaid by the demands of a carbon economy, rising energy and water costs, and demands to use resources more efficiently while ensuring animal welfare. Higher level skills, innovation and quicker adoption of research findings remains paramount in achieving this. A major risk is the lack of sufficient high level skills, unattractive jobs, careers and work practices and a rapidly declining labour pool.

The ageing of the food processing workforce is a serious matter. Without significant intervention several food sectors and key occupations are on an unsustainable trajectory due to aging of its workforce and poor attraction rates over an extended period which have left an insufficient pool of young workers.

Recommendations

- Testing and implementing best practice workforce development at the enterprise level to clearly establish food employers as ‘employers of choice’. This includes the design of challenging, rewarding and attractive jobs and career pathways
- Increased support for enterprises’ management/owners through a much stronger focus on providing skills in securing business sustainability and *cultural change* in food enterprises to secure lasting ‘triple bottom line¹’ sustainability.
- Delivering a more flexible, responsive and demand-driven food skills VET funding model with more support for incremental delivery of skills which better reflect food industry needs and learning culture.
- While higher skills is the priority, the food industry’s need for significant numbers of lower skilled workers must not be neglected.
- Encouraging innovation by a stronger bond between the universities sector, the research community and the Vocational Education and Training system; increased support to encourage people to enter careers in food science and agricultural science.

¹ The “triple bottom line” is a method of “true cost accounting,” which considers the impact of production decisions in terms of ecological and social value, as well as economic value

Formatted: English (United States)

-
- Improving the image of the food industry in schools and articulation of contemporary and rewarding career pathways for key food sector occupations and introduction of 'food industry cadetships' to provide attractive, employment-based training pathways.
 - Developing a more flexible approach to the apprenticeship system to free-up funding to support traineeship/non-trade qualifications used in a significant proportion of the food industry.
 - Expanding the National Workforce Development Fund to provide increased funding for the food processing industry.
 - Increasing flexibility of international migration pathways and labour supply channels for low to high skilled workers when there is unmet labour demand in the sector.
 - Assisting small to medium sized food processors with business skills, including securing cultural change to establish lasting 'triple bottom line' sustainability.
 - Creation of 'Skills Ecosystems' as self-sustaining networks of food workforce skills and knowledge in regions and sectors.
 - Improve data collection on labour and skills demand and supply to provide more comprehensive and consolidated information on the food processing workforce.

Level 3, 10-12 Brisbane Avenue, Barton ACT 2600 PO Box 5450, Kingston ACT 2604
t: 02 6163 7200 f: 02 6162 0610 w: www.agrifoodskills.net.au

It's all about *Skills*

AgriFood Skills Australia ABN 56 109 613 256

APPENDIX A

AgriFoods latest Environmental Scan released in early 2011 based on interviews with food company owners and managers suggest the following issues and need in relation to skills and labour

General Food Processing

Major challenges & trends

- Attracting and retaining workers at all skill levels
- Evolving job roles which require higher and/or greater breadth of skills and use of technology
- Instilling sustainable production systems capable of delivering strong economic returns
- Encouraging and harnessing greater levels of innovation

New and emerging skills

- Sustainable manufacturing/quadruple bottom line
- Water harvesting and filtration systems / water cycle management
- Supply chain risk management across all occupations
- Food science and technology

Reported labour shortages

- Bakers and Pastry Cook
- Food and Drink Factory Worker
- Food Safety Auditor
- Food Scientist and Technologist
- Poultry Process Worker
- Production Manager
- Quality Assurance Personnel
- Sales Representative
- **Delivery requirements**
- Building blocks approach to skills development in support of full qualifications
- Integrated and innovative delivery of skills combined with the diffusion and adoption of research findings to raise enterprise productivity

Level 3, 10-12 Brisbane Avenue, Barton ACT 2600 PO Box 5450, Kingston ACT 2604
T: 02 6163 7200 F: 02 6162 0610 W: www.agrifoodskills.net.au

It's all about *Skills*

AgriFood Skills Australia ABN 56 109 613 256

Meat Processing

Major challenges & trends

- Labour shortages and lifting employee retention rates
- Driving efficiencies and lowering input costs
- Meeting changing regulator and customer requirements
- Embedding career paths and rewarding job design
- Growing contemporary industry leaders to drive high quality workforce development practices
- Lifting innovation capability and capacity of enterprises

New and emerging skills

- Skills and knowledge to address national and international standards in meat safety, meat quality, animal welfare and specific customer requirements
- Water harvesting and filtration systems/ water cycle management
- Processing and supply chain skills underpinned by new technologies, world class research and development

Reported labour shortages

- Butcher
- Meat Inspector
- Slaughterer, Boner and Slicer
- Meat Process Worker
- Quality Assurance Personnel

Delivery requirements

- Full qualifications through traineeship pathways for new and existing workers
- Skill Sets to support pathways to full qualifications and provide opportunities for upskilling post qualification
- Integrated and innovative delivery of training combined with the diffusion and adoption of research findings to raise enterprise productivity

Seafood

Major challenges & trends

- Attracting, training and retaining workers at all skill levels – crew shortages and reducing enrolments increasing with emergence of oil and gas resource projects
- Evolving job roles which require higher, often technician orientated skills

Level 3, 10-12 Brisbane Avenue, Barton ACT 2600 PO Box 5450, Kingston ACT 2604
T: 02 6163 7200 F: 02 6162 0610 W: www.agrifoodskills.net.au

It's all about *Skills*

AgriFood Skills Australia ABN 56 109 613 256

- Linking skill development with industry licensing and compliance requirements
- Diffusing new practice and knowledge from research and development work into the workforce through formal training
- Ensuring occupational health and safety and food safety form an integrated approach to risk management
- Growing contemporary industry leaders and securing their engagement in skills and workforce development

New and emerging skills

- Genetics, selective breeding and biotechnology
- Seafood processing, value adding, supply chain skills underpinned by new technologies
- Natural resource management
- Compliance and regulatory requirements
- Biosecurity, emergency pest and disease response
- Animal behaviour, health and welfare
- Market research and product promotion

Reported labour shortages

- Aquaculture Farmer
- Aquaculture Worker
- Coxswain
- Deck and Fishing Hand
- Fisheries Inspector
- Marine Engineer
- Occupational Diver
- Seafood Process Worker
- Skipper

Delivery requirements

- Building blocks approach to skills development in support of full qualifications and in recognition of the logistical and seasonal nature of employment

Level 3, 10-12 Brisbane Avenue, Barton ACT 2600 PO Box 5450, Kingston ACT 2604
 T: 02 6163 7200 F: 02 6162 0610 W: www.agrifoodskills.net.au

It's all about *Skills*

AgriFood Skills Australia ABN 56 109 613 256