

DAIRY INDUSTRY PEOPLE DEVELOPMENT COUNCIL

1 July 2011

VET Review
Essential Services Commission
Level 2, 35 Spring St
Melbourne, VIC 3000

Dear Sir/Madam,

Re: Vocational Education and Training Fee and Funding Review

Please find attached a submission by the Dairy Industry People Development Council on behalf of the Victorian dairy industry to the Vocational Education and Training Fee and Funding Review.

The Council supports this review into the efficiency and effectiveness of Government funding mechanisms and fee structures in context of the issues currently impacting on the dairy industry including:

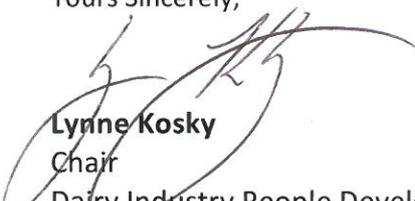
- the increased business volatility within the industry over the last two decades with a reducing Total Factor Productivity; and
- identified training issues across the industry including:
 - A shortage of available skilled and semi skilled labour
 - Thin markets and
 - Price Sensitivity

This submission then provides four recommendations for the Commission to consider under the following themes:

- Objectives of the Victorian Training System
- Eligibility and Exemptions
- Tuition Fees
- Funding VET delivery

For further information regarding this submission please contact Mr Ian Halliday, Managing Director, Dairy Australia on 03-9694 3760.

Yours Sincerely,


Lynne Kosky
Chair
Dairy Industry People Development Council


Ian Halliday
Managing Director
Dairy Australia

DAIRY INDUSTRY PEOPLE DEVELOPMENT COUNCIL

Vocational Education and Training Fee and Funding Review

Submission by the Dairy Industry People Development Council
on behalf of Dairy Australia and the Australian Dairy Industry Council

Introduction

The Dairy Industry People Development Council is pleased to have this opportunity to respond to Essential Services Commission's inquiry into the extent to which the design of the Government's funding mechanism and fee structures advance the core objectives of the Victorian Training System, and the overall level of efficiency and effectiveness of Government funding mechanisms and fee structures. The Council, supported by Dairy Australia, is well placed to offer comment on these two issues.

Dairy Australia is the peak Australian dairy industry service body, and has an extensive understanding of the practical concerns of industry training needs both in a pre farm gate and post farm gate sense. As a leading Australian research and development corporation it works across the whole dairy value chain to initiate and support those activities that individual farmers or manufacturers could not do on their own.

Dairy Australia has contributed to, and endorses, the submissions presented by the Victorian Food Industry Training Board and Primary Skills Victoria, however it would like to present some additional specific dairy industry elements for consideration.

Our submission is organised under the following subheadings:

- Industry Outlook
- Evident Industry Training Issues
- Specific Responses to Inquiry Terms of Reference and Options for Consideration

Industry Outlook

Nationally and internationally a strong, profitable and growing Australian dairy industry is contingent on a strong industry in Victoria. Currently the Victorian dairy industry represents about 65% of Australia's milk and 80% of export product.

In 2011 Dairy Australia estimates the farm gate value of dairy at \$2.25 billion, and at wholesale the value escalates to \$6.6 billion per annum value to the Victorian economy.

Australia, and Victoria, in particular, has developed an established, competitive and well earned reputation as a quality exporter of high quality dairy products to many of the world's fastest growing markets.

This strong market position has been achieved against a backdrop of sustained problems in weather patterns and difficult international financial and trading conditions, and as a result of significant people skill initiatives on dairy farms and beyond the farm gate.

That is, while the Victorian dairy industry is operating in an increasingly dynamic and challenging environment, it has been achieving robust industry and export outcomes, and expects to be able to continue this success into the medium and long term outlook for the industry.

Medium term projections of population and income growth, coupled with changes in dietary demands, point to increasing demand for dairy products – particularly from the developing world.

Further, acknowledged constraints on capacity for growth in many traditional exporting regions suggests that world milk supply will have difficulty keeping pace with this demand. This offers opportunities for both existing and new players as dairy commodities prices – while remaining volatile - are predicted to trade in higher ranges than has historically been the case over the next five to ten years.

However, our ability to secure this future in Victorian dairy is not without challenges as the following chart on price and income volatility in the industry demonstrates over the last two decades.

Endemic Volatility

Figure 1: Variation in Farmgate Price and Farm Cash Income (Australian Dairy 1989 through 2009)

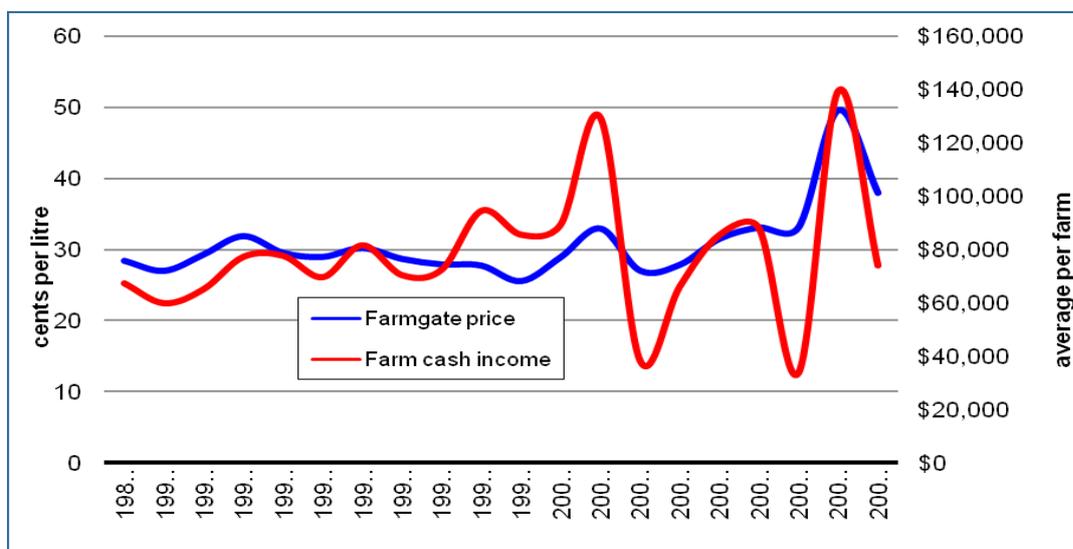


Figure 1 shows the variability in Farm Cash Income experienced by Australian Farm Businesses from 1989 through to 2009. This variability is reflected almost entirely in the Victorian position.

This volatility in farm business conditions is operating at an amplitude of two to three times the historical level. It is the result of a mixture of weather events (climate change) and global influences on pricing and input costs (e.g. Global Financial Crisis) which are not expected to reduce. It is likely that these more “volatile” and endemic operating conditions of recent decades will persist rather than dissipate in the medium to long term.

The impact of Volatility

The fundamental changes in the external operating conditions in dairy farming have brought many consequences to the Victorian dairy in both the efficiency and outputs of production. Between the years 2001-09, Total Factor Productivity, (an industry efficiency metric measuring the ratio of outputs to inputs) has dropped to -2.4% per year. This is arguably the lowest level of productivity growth recorded in the past 30 years, in any State of Australia. It is below the Australian figure (-1.9%) for the corresponding 2001-09 period. In the same period Victorian milk production has declined 22% from 7,405 ML (2001-02) to 5,789 ML (2009-10).

Figure 2: Trends in Total Factor Productivity (Australia and Victorian Dairy Industry)

		<i>Dairy productivity trends for</i>		
		<i>Australia</i>	<i>Victoria</i>	<i>Other States</i>
		<i>%</i>	<i>%</i>	<i>%</i>
<i>Trends excluding extreme drought events *</i>				
<i>Full drought free period</i>	<i>1984 to 2006</i>	0.6	0.2	1.1
<i>The 1980s</i>	<i>1984 to 1990</i>	2.1	2.8	0.9
<i>The 1990s up to deregulation</i>	<i>1991 to 2000</i>	0.5	-0.5	1.7
<i> first half of 1990s</i>	<i>1991 to 1995</i>	-0.2	-1.2	0.8
<i> lead up to deregulation</i>	<i>1996 to 2000</i>	3.2	2.9	3.5
<i>Post deregulation</i>	<i>2001 to 2006</i>	0.4	0.5	0.1
<i>Trend including recent drought event</i>				
<i>Post deregulation</i>	<i>2001 to 2009</i>	-1.9	-2.4	-1.3

Year ended June 30.

Source: ABARES private comm.

A decreasing Total Factor Productivity matters to the Victorian industry in that it restricts the ability of farmers to generate wealth and outrun the costs of production. If Victoria is to take advantage of the opportunity ahead, it must address this Total Factor Productivity issue, including improved training provisions within the industry.

Why is Total Factor Productivity reducing?

Several factors have been shown to impact the trajectory of TFP in agricultural industries, including dairy. These include the extent of long term investment in RD and E, the climatic conditions and the level of education of the farming population. In Victoria, the periodic droughts since 2001-02, the costs of development of new farming systems to cope with the inherent volatility (increasing debt), the elevating cost of farming land and the “decision intensity” associated with dealing with this new and challenging environment (while expanding dairy operations), have all been implicated. There is no doubt that the level of risk management inherent in managing the volatility has dented the confidence and challenged the ability of many Victorian dairy farmers.

Having noted these developments, the Dairy Industry believes that improved and informed decision making, driven by increased capacity of both the farmer and the service industries supporting the farmer, hold an important key to resolving the Total Factor Productivity issue and ensuring Victorian dairy farmers can take advantage of the global demand for dairy product that is before us. Dairy advisers have consistently observed that it is those farmers with the most capacity who can best take advantage of these volatile situations. Equally, it is those with improved levels of education and learning who make best use of the opportunity technology presents.

We can turn now to a brief discussion of the key issues of concern for the dairy industry about an improved overall training outcome and culture in Victorian dairy pre and post farm.

The dairy industry is concerned that total factor productivity of farms and volume growth of the industry have both stalled but if fully committed to supporting people development (including training) as part of its strategy to foster and sustainable growth. The dairy industry has invested in an integrated workforce development strategy to this end. (*Appendix: Dairy Industry People Development April 2011*) The industry believes stronger collaboration with the Victorian Government is critical to the growth of the industry.

Evident Industry Training Issues

The three main training issues across the industry include:

- A shortage of available skilled and semi skilled labour
- Thin markets
- Price Sensitivity

A Skilled Labour Force

The most effective “optimiser” in a farming system is the manager. Increasingly the “optimisation role” around farm business profit and management is a shared role across the family and with the employees of the business. In 2006, 46% of Victorian dairy farmers were employers. In 2011 that figure is 58% (Dairy Australia Situation and Outlook Report, 2011). At least 6000 people work in paid roles on Victorian dairy farms (Joanne Bills, Dairy Australia, pers comm.).

If Victorian dairy is to grasp the future and grow productively, it has a very strong requirement to build the capability of the workplace.

Capability issues also exist at the middle level of training and entry level. McKinna *et al* in the report: Performance issues impacting the development of the Victorian agrifood sector, November 2010 make the following observations in their executive summary,

Labour, education & the workplace highlights the fact that the ability to attract and retain skilled, qualified and motivated labour is a top line issue in the Victorian agrifood sector. Businesses in the sector rate labour shortages as the number one issue hampering performance. Labour shortages occur at all levels, from unskilled, semi-skilled to professional. A survey conducted by MCKINNA et al as part of this project discovered that 70% of businesses experienced challenges in recruiting qualified staff.

A number of issues were noted as contributing to this, including:

- *The challenge of attracting people to live in regional areas.*
- *Concerns about low student numbers to be drawn to the trades and VET system.*
- *The variable quality of training service providers in agribusiness.*
- *The unwillingness of some businesses to invest in training.*
- *The poor image of agribusiness as a professional career path.*
- *General skill shortages.*

A further issue noted with respect to the workplace includes the increasing use of contract labour and concerns about their training and skill levels. Many feel that there needs to be an accreditation system for contractors. Other issues include low wages and occupational health and safety compliance considerations. Given the importance of labour as a constraint to the development of the Victorian agrifood sector, there is a need to address a number of issues outlined in the report and, in particular, improve the image of agrifood as a career to attract young and talented people.

The dairy industry itself is well aware that it is facing a skills shortage as the structure and size of farms change along with a steady increase in the number of farmers becoming employers. Five percent of farmers report in the 2011 Dairy Farmer *Situation and Outlook* survey that *labour is their greatest challenge* with fifteen percent, including farmers who belong to the “growing sector”, nominating it amongst their greatest challenges. Farm hands (entry level) and Farm managers (highest training level) are reported to be most in shortest supply.

An effective training system that supports and reinvigorates the Victorian dairy industry will need to make increased and improved provision training needs at three key levels, management and advanced or deep skills, skills broadening and entry level skills.

Thin Markets

A second and related training issue in the dairy industry in Victoria, and Australia more generally, is the evident fact that dairy operates in a thin training market. The Commission has specifically called for comment on key issues associated with thin markets in the inquiry.

Unlike some industries where there are very high student enrolment numbers ranging from entry level through to professional, the dairy industry does not process the same volumes of students nor can it easily sustain the same breadth of training offerings as some other more established industries.

Notwithstanding this, the dairy industry recognises that strong systemic education and training systems are critical to workforce engagement. To this end the industry invests over \$6m annually to enhance skills and capability, with over \$1.2m to support the national VET system. This is in addition to the contributions made by individuals or enterprises. The dairy industry recognises that Government cannot pay for delivery of all workforce development and there is a need to have policies that encourage transition to increased user pays policy, related to capacity to pay.

In recognising that the pre farm gate sector is predominantly family businesses, many of which have been under significant stress from drought and reduced prices due to the global financial crisis, it is important that Government training funding policies and fees do not create “price shock”, i.e. passing the threshold where participants or potential participants are able and willing to contribute to and undertake necessary training activity.

The pre farm-gate sector of the industry is usually characterised as having low participation rates in formal post secondary education including vocational training. With a culture that values practical on the job experience over formal learning or qualifications and a history of accessing new industry thinking and knowledge through free “extension” services, dairy farming is often seen to be a slow responder or low user of training programs with a higher cost structure.

Balanced against this is a growing recognition that dairy farming has shifted from a predominantly labour based enterprise to a much more specialised knowledge based business where much more active consideration is now given to issues such as stock and plant genetics, feed efficiency, technology tools, water trading, sustainability and environmental traceability are significantly raising up the skills and knowledge required.

The dairy industry also acknowledges that the post farm gate sector has invested more heavily in vocational education and has been in a stronger financial and organisational position to absorb some increase in training cost exposure, although it is often constrained by the size of the business activity and by regional labour market dynamics. However, in comparison to the scale of the majority of other industries, particularly at the higher AQF levels, it is a thin Victorian and National market.

Operating in a thin training market has not discouraged the industry from taking on a leadership role and recognizing that it can play a major role in leading cultural change (see Appendix A) at the same time as supporting the vocational sector. As part of this overall industry strategy to build training competence the industry invests heavily in the National Centre for Dairy Education Australia (NCDEA).

If anything, the dairy industry considers that while it is operating in a thin training market it has actually contributed to training systems and outcomes in a greater way than many other industries. The dairy industry would welcome a more visible and proactive training strategy that is developed between the industry and Government which would continue to and significantly improve the level

of professional expertise expected of dairy industry relevant trainers, particularly at the AQF IV and V and to cater for delivery in regional areas within thin markets.

The industry also contends that skills and knowledge gained in generic agriculture qualifications do not adequately provide the industry specific requirements for contemporary dairy farmers and has therefore been prepared to commit to supporting the development of teaching and learning resources including an e-learning strategy and resources. The strategic alliance between Dairy Australia, Goulburn Ovens Institute of TAFE and East Gippsland TAFE has been effective in driving a stronger engagement with vocational training. (Appendix A, p 4) when we had seen the University of Melbourne exit the market as a major provider of further industry training.

Price Sensitivity

As noted briefly above, a third key concern is price sensitivity in training for dairy farmers and dairy employees.

The industry has identified that the changes to fees policy under *Securing Jobs for Your Future* has the potential to damage the impetus that the industry has created with participation in skills recognition and training by creating “fees shock” particularly at the at the higher AQF levels as a consequence of the fee rate increase and introduction of the eligibility criteria.

Most of the participation in *Skills Deepening* training is undertaken in single units or skill sets. NCDEA and the Department of Primary Industries has conducted price sensitivity assessments around key programs such as “Feeding pastures for profit”, a Diploma level skill set. This analytical work indicates that a program priced at \$250 per farmer is acceptable, \$250 to \$350 will have some impact and priced above \$350 will significantly reduce participation. Under the new policy, the fee for those that are subsidy eligible would be \$682.20. For those who are non subsidy eligible the fee would be at a higher commercial rate.

Farmers (via the Regional Development Programs of the Dairy industry) have provided similar feedback into Dairy Australia (Ross Bawden, Dairy Australia). Dairy Australia has accepted these estimates as being valid and has, over the past 12 months, chosen to subsidise certain key industry programs (e.g. Feeding Pastures for Profit, Certificate 4) in order to allow farmers to participate and operate below the recognised price points.

It is pertinent to note here that it was expected that approximately eighteen training programs would have been conducted across the State this year. When offered at the full fee rate, there were only sufficient registrations to fill one or two programs. In light of this experience, the industry has subsidised the programs at a rate of \$175 per person and it is expected that approximately nine programs will proceed.

Similarly the increased fees for skills recognition, which is often used as the first point of engagement and assessment for the farmer will impact on and potentially slow the strategy. If these programs were at “Cert III or IV level or *Skills Building*, fees would be \$331.20 rather than the \$682.20 “*Skills deepening*” rate.

Few farmers commit to undertaking full qualifications, subsequently they pay increased rates though not reaching a fee ceiling or accessing *Fee Help*.

Within the post farm sector, which has had longer systemic engagement with vocational training there would be both greater capacity and willingness to pay the increased rates within the larger enterprises with reduced capacity or willingness within the smaller enterprises. An obvious impediment is the capacity to find replacement staff or fund their replacement.

Finely Balanced

How the training system interacts with the future of the Victorian dairy industry both pre and post farm is finely balanced.

The ability of the industry to respond to the challenge around building capability has been tested, and largely the industry has responded with flair and ability. Critical to the success of this was the decision in 2005 for Dairy Australia to develop a partnership with Goulburn Ovens TAFE which formed the National Centre for Dairy Education (NCDEA). The NCDEA took over the responsibility for dairy VET in Victoria from Melbourne University and grew Student Contact Hours from 150,000 allocated for 2006 (40,000 post farm gate; 110,000 pre farm gate) to three and one half times that level in 2011.

About the same time (2006), Dairy Australia began an investment sequence of almost \$1m per annum to develop a People in Dairy strategy for the industry.

Both strategies were designed and implemented to deal with the issue the industry saw before it. That is, the need to build people and skills capability across the Australian and Victorian industries.

However, the strategies are arguably at a knives edge, particularly around the issue of maintaining access to affordable training opportunities in Victoria. Farmers and the service industries have shown a strong capacity to invest in training. However, beyond a certain pricing point and level of access, as documented above, this willingness will evaporate and potentially de-rail our abilities to genuinely tackle the issues as the heart of the productivity challenge.

It is worth noting three main reasons why the overall productivity agenda and improved dairy farming culture may stall:

- The cost of adaptation to changing climate and pricing/input volatilities. This has meant Victorian farmers (particularly in Northern Victorian irrigation areas) have had to invest in infrastructure and technologies around farming systems that have been more about providing the ability for them to *remain* in dairying and utilise alternative feeds to pasture for their cows (e.g. feedpads, ability to source and feed grains, silages etc) than to grow annual profit per se. Over the past 10 years equity in Victorian farms has dropped at least 10%.
- Confidence. Until a string of better years (water, rain and prices) are achieved, the confidence to invest within the dairy farming community will not elevate. The volatility has made them “wary and weary”

- Cash Flow. Many farmers are finding, despite better milk prices, that securing a profit at the end of the year is achievable, but margins remain (particularly 2009/10) light.

The effect of all this:

Although the industry and the Victorian economy has had a significant build in the utilisation of training by dairy farmers via the NCDEA (and particularly in Victoria) that continued investment can easily be disrupted if farmers find the training either too costly or practically inaccessible...either as a result of policy, location or fee development. In doing so, they are responding to the environment of volatility and cost in which they find themselves.

Specific Implications and Policy Options

A Objectives of the Victorian Training System

The Commission paper identifies the core objectives of the Victorian Training System as:

- Producing the skills needed by the Victorian economy
- Competitive, efficient and student centred
- Assisting the unqualified gain qualifications
- Helping the already qualified access qualifications that support their advancement
- Encouraging key cohorts to complete their qualifications
- Catering for higher-need learners, such as equity groups, Victorians with low socio-economic status and students with poor records of educational achievement.

Dairy Australia concurs with this set of objectives but considers the first one of “producing the skills needed by the Victorian economy” as the overarching obligation on Government working with industry.

Given the significance of dairy to Victoria and Australia, both the industry and government have a mutual interest in ensuring effective engagement and alignment of planning and service provision strategies around workforce development.

An important element of this noted in Section 2.1 of the Issues paper is to achieve a better balance between government funded support for training provision at entry level, skills broadening and the higher skills level and industry needs.

Restrictions on skills broadening in the fee structure are potentially disadvantaging the overall efficiency of farms and labour productivity in dairy and should be reconsidered.

If more skilled people managers are to be attracted into, and developed, within the dairy industry, then there will also need to be an increased training provision at the high end of the training spectrum.

As the joint initiative between West Vic Dairy, West Vic Staffing Solutions (a JSA provider and RTO) the NCDEA and the Brotherhood of St Laurence has demonstrated it is possible to recruit high needs learners at the entry level of dairy with great success – of the 24 long term unemployed persons who enrolled in the Cert 2 in Agriculture – dairy – 17 were still employed on host farms 6 months later.

Dairy Australia also endorses the principles outlined in Section 2.3 of the review and suggests that a priority focus should be placed on adaptability. The concept of efficiency should be widened to include a strong focus on achieving a quality, not just a lowest price, outcome.

Recommendation 1

The Victorian Training System commits to develop and implement a training template covering entry level, skills broadening, and high level skills needs commensurate with improvements that are sought in total factor productivity on Victorian dairy farms and in the post farm gate sector.

B Eligibility and Exemptions

A specific component of an agreed dairy industry and Victorian government template for training provision on dairy farms and post farm gate should address the issue of price sensitivity and seek to achieve a transition to a more capability based payment system over a longer time frame.

Victorian dairy farmers in particular have been adjusting to significant weather/climate changes and developing export markets at a time of general global financial instability and while the terms of trade have also been operating against them.

Negotiations should be undertaken at a high level between Victorian training officials and representatives of the dairy industry to develop an effective charter and timeline for these changes. That agreement should reflect and acknowledge the important and increased role taken in offering specialized training in the industry and changing industry needs assuming a continuing volatile and demanding external market.

It is also critical that the industry service sector, which includes accountants, business consultants, and veterinary practitioners, is also strategically engaged in the change strategy. For example, through providing programs such as The Diploma in Human Resource Management and TAFE-Certificate in Workplace Training and Assessment they are able to develop the capacity to assist in stronger engagement in the contemporary workforce development strategies. Again the transition to full *Skills Deepening* rates makes it much harder if not prohibitive through “fees shock”.

More detailed documentation will need to be undertaken across the industry to obtain a fuller picture of the extent and uptake of exemptions. In a number of circumstances Industry has been advised that there is a pool of exemptions that have not been accessed by Skills Victoria, while individual institutes advise that they have used their quota.

Recommendation 2

As part of a wider strategy to improve training provision at entry, middle and higher levels of the dairy industry, there should be specific attention given to the prospect for increased use of exemption and a thorough assessment of eligibility criteria as they impact on training on dairy farms and post farm gate.

C Tuition Fees

As indicated at many stages in the submission above there are two key problems with the current tuition fee structure, namely, price sensitivity and financial limits to skills broadening and skills deepening.

The industry has collected considerable feedback about price sensitivity, especially in higher cost and more specialized courses. It is also concerned that many dairy farmers/employees who wish to undertake skills broadening which is dairy specific via a different but equivalent certificate level will only be able to do this at a considerable personal financial cost. The concern is that cost will be the determining factor between completing the qualification or not participating at all. This will have a detrimental effect on the capacity of the dairy industry to continue to develop.

Recommendation 3

- That Skills Victoria provide dairy industry specific additional concessions for an agreed period whilst joint negotiations continue on the most effective features and timeline for an increased collaborative effort in training for the dairy industry.
- That consideration also be given to providing to an increased number of exemptions in the dairy industry via GO TAFE to be used with the NCDEA across all of Victoria
- Skills Victoria agree to an industry specific arrangement for dairy Diploma and Advanced Diploma, Diploma in Human Resource Management and TAFE Certificate in Workplace Training and Assessment to be treated as “*Skills Broadening*” rather than “*Skills Deepening*” with respect to fees and funding policy for an agreed period. (It is estimated that this might mean an additional 80,000 SCH funded with a further 120,000 SCH to which the fee reduction would apply)
- Skills Victoria advocate and include: Agriculture, “*Dairy farm workers and managers*” on the *skills shortage* list for eligibility to State and Commonwealth programs

D Funding VET delivery

As outlined earlier in the submission the dairy industry requests that more attention is given to the development of funding models that reflect the higher cost of delivering training in regional Victoria and in thin markets. These models should also be sensitive to the relative wealth and capacity of industry sectors to attract industry entrants in a similar way that the Commonwealth has with respect to University course contributors.

Recommendation 4

- Skills Victoria ensure that in its negotiations with the Commonwealth that consideration be given to ensuring there is recognition of the role that Agriculture and Dairy particularly play in Australia's balance of trade and capacity to compete in the labour market and continue to seek strong collaboration between the two levels of government on funded training places in dairy at the entry level, skills broadening and high level training.
- Consideration should be given to Commonwealth and State aligned funding specific strategies such as Management Cadetships as a means to drive stronger higher level training for potential farm managers as proposed by Agrifood Skills Australia¹. These are to be appropriate structures with indenture and supported training places.
- Skills Victoria advocate and include: Agriculture, "*Dairy farm workers and managers*" on the *skills shortage* list for eligibility to State and Commonwealth programs.
- That the Victorian government makes specific provision through a pilot demonstration program for new ways to recruit high needs learners onto farms via a continuation of the western Victoria In2Dairy program. A resource pool of \$400K would enable this innovative and well regarded training program to be continued in western Victoria and extended to Gippsland.

Dairy Australia is happy to meet with Essential Services Commission representatives to discuss the submission

Please contact:

Mr Ian Halliday

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Dairy Australia

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¹ Agrifood Skills Australia 2011 Environmental Scan of the agrifood industry.

Appendix A

Dairy Industry People Development April 2011

Summary

- The dairy industry has long recognized that it is the capacity of people who unlock the potential that technology provides. We are committed to building capability as a cornerstone of resilience and sustainable productivity in the industry
- People and building capacity is a key part of our national RD and EE strategy (Dairy Moving Forward)
- We have a multilayered and sophisticated strategy to address this key industry issue, of which the following are key components (NCDEA, The People in Dairy, Rural Innovation Research Group, Leadership Strategy....etc)
- The Dairy Industry People Development Council is a critical evolutionary step in knitting together this strategy
- We see partnerships and collaboration with the Government as being a crucial component of our strategy and we want to inform the Government of the strategies and initiatives in place.

History

The Australian dairy industry has long recognised that People are the key to business and industry success and that it is people who unlock the potential that technology provides. A strong industry focus around the development of our people has been growing for 15 years.

For example, following the 2002-03 (and subsequent) droughts the dairy industry organised over 2000 individual farm "health checks". People, labour, succession, work-life balance were stand out issues which led to the development of our People in Dairy Program. The Dairy Industry National Priority Setting process of 2005 again listed People and Capacity as one of the three major industry issues. In 2003 the dairy industry began a collaboration with the Victorian DPI around building "extension" capability in the industry that has become a landmark agreement (Dairy Extension Centre) and since 2000 has developed a similarly innovative partnership with Melbourne University around the Rural Innovation Research Group led by Dr Ruth Nettle.

In 2005 the dairy industry (Dairy Australia) combined with Goulburn Ovens TAFE to bid for (successfully) the dairy Vocational Education and Training hours made available by the departure of Melbourne University leading to the formation of the groundbreaking National Centre for Dairy Education (Australia). Finally, the dairy industry's response to the Primary Industries Ministerial Council National RD and E strategy (Dairy Moving Forward) contains a specific component designed to address People and Capacity building issues, particularly around the farm. It is the only primary industry strategy to do so.

In summary, the dairy industry has constructed a series of major initiatives over the past decade designed to build the people and capability within our industry and we are committed to continuing to do this.

Dairy Industry People Development Council

It has been identified that there is a need for the industry to increase its strategic focus and drive greater alignment of all of the elements and programs contributing to our people and workforce development strategies.

The industry has therefore established a Dairy Industry People Development Council with the following mandate:

The Dairy Industry People Development Council will lead and inform an integrated workforce development framework for the Australian Dairy Industry that will address the needs of individuals and organisations at both regional and national levels.

The Council will develop and articulate policies that will promote and support;

- *Dairy industry workforce development research*
- *Dairy Industry leadership development frameworks*
- *People systems thinking and innovation*
- *Strategic change*
- *Synergies and efficiencies*
- *Alignment and balance of service provision including extension and education*
- *Accredited and non accredited training*
- *Standards, measures and evaluation*

As previously noted, in response to the Primary Industries Ministerial Council strategy for alignment of National research and development priorities, the Dairy industry has produced a “Dairy Moving Forward” plan which highlights the industry’s research and development priorities of which people development is a major theme and component. This document will become a guiding document to the work of the Council with respect to the pre farm gate requirements. Work undertaken in collaboration with the industries Manufacturing Advisory Committee will similarly underpin the Manufacturing priorities.

The Council formally commenced operations in early 2011.

Current key intervention strategies in the dairy Industry

Rural Innovation Research Group (University of Melbourne)

The partnership between Dairy Australia and the University of Melbourne supports this strategy through helping us better understand the processes of change in the industry and therefore better target the changes we require.

Activities include:

- Program design and evaluation research
- Research into farm and manufacturing workforce change.
- Development around regional planning strategies and tools for workforce development.
- Supporting the development of “people information” and data sets

The People in Dairy Program

The People in Dairy program leads the change effort in people management and is the central conduit for linking the strategies of attraction, retention and development of people on-farm, capacity building of the service sector and growing industry leaders.

Projects and programs include:

- Diploma in Human Resource Management (Dairy) – training a critical mass of leading advisers to support on-farm change in the people aspect of farm businesses.
- People “GPS” courses – supporting farmers to “find their way” in the people dimensions of their business and plan and take action to enhance their business performance.
- Large Herd Business retreats – supporting large herd owners and their senior managers in assessing and aligning the business strategy with the people strategy for business success.
- In2 Dairy: A regional cross-organisational pathway for attracting people to the dairy industry – currently piloting an entry-level pathway for disadvantaged workers on Western Victorian dairy farms.
- Cows Create Careers: A secondary school based entry point for children to learn about the breadth and scope of careers in dairy – whilst experiencing key aspects of production (calf-raising) or manufacturing (cheese-making) and interacting with people in different industry roles.
- Picasso Cows: a primary-school based entry point for children to learn about the dairy industry

National Centre for Dairy Education Australia (NCDEA)

The NCDEA provides the cornerstone to the industry’s focus on increasing the participation, relevance and capacity of the Vocational Education and Training System. The NCDEA is a virtual organization or “franchise” led by the industry.

Pre farm gate, this includes Goulburn Ovens Institute of TAFE, East Gippsland TAFE, Great Southern Institute (WA), The Skills Institute (Tas), Riverina, Illawarra and North Coast Institutes (NSW), South Queensland Institute of TAFE and the Australian Agriculture Colleges Corporation (Qld).

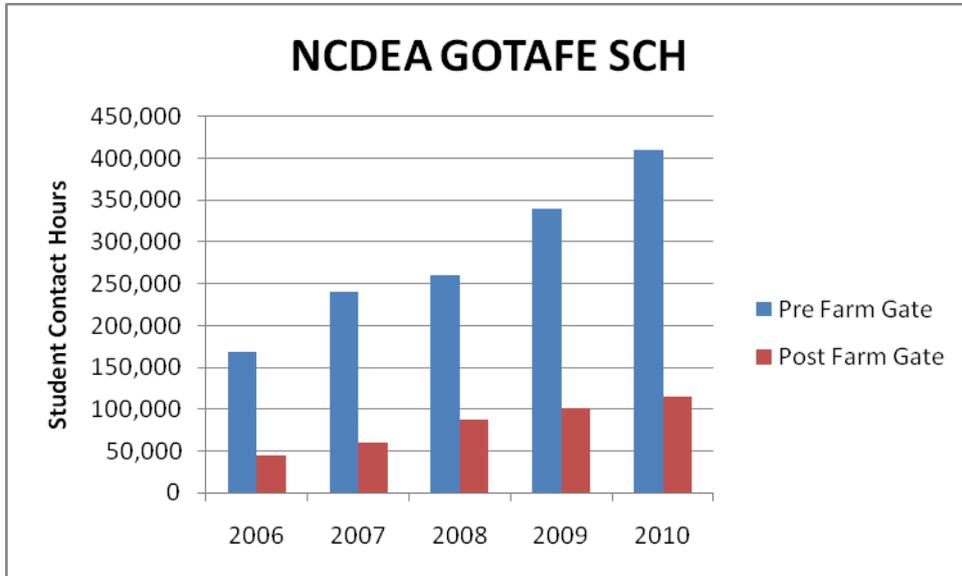
Post farm gate includes Goulburn Ovens TAFE.

By “partnering” the industry has leveraged a range of resources and programs to more effectively provide VET services that add value and are seen as credible by the industry. Participation has almost tripled since 2005, trainers and programs are perceived as being of higher quality and programs are more directly relevant to dairy farmers, manufacturers, the service providers and for industry leaders.

The industry has invested in;

- Establishing and building strategic relationships with key bodies
- Developing and supporting effective NCDEA governance
- Developing and enhancing a national network of providers
- Providing industry responsive programs

The strategy has seen growth in participation across all dairy regions. As an example the following indicates the growth of pre farmgate, Victorian NCDEA - GOTAFE



Dairy Extension Centre (to be renamed Dairy Services Branch)

The DEC is a joint initiative of Dairy Australia and the Department of Primary Industries Victoria. It provides extension services to farmers against agreed targeted issues and productivity, compliance and related change strategies.

The following table represents some of the industries workforce development investments.

Workforce Development Investment



People Development Council

Rural Innovation Research Group

	Primary	Secondary	Undergraduate / Vocational Education and Training					Postgraduate
Leadership						Leadership	9	
Service & Support						Diploma of HR Training and Assessment	9	
Post-farmgate	1	2	Certificate I & II Food Processing Production Supervisor Process Operator Leading Hand	Certificate III Food Processing Production Supervisor Process Operator Leading Hand	Certificate IV Food Processing Food Science & Technology - Dairy Food Processing Technician Food Technologist	Diploma Food Science & Technology - Dairy Manufacturing Manager	Graduate Certificate Food Industry Management Site Manager Research and Innovation Manager Quality Assurance Manager	5, 6, 7, 8, 9
Pre-farmgate	1	2	Certificate II Agriculture Assistant Farmhand	Certificate III Agriculture Farmhand	Certificate IV Agriculture Senior Farmhand	Diploma Agriculture Production Manager Senior Production Manager	Advanced Diploma Agriculture Business Manager	7, 8, 9

R&D Projects
- Resources
- Tools
- Data

Extension programs
- State Gov't
- Private

1. Pivasso Cows
2. Cows Create Careers
3. NCDEA - Farming
4. NCDEA - Processing
5. Cheese Scholarship
6. Innovation Award
7. Nuffield Scholarship
8. Postgraduate - research e.g. VET, CRC
9. Australian Rural Leadership Program

Investment points along the people value chain

People in Dairy
- Tools for farmers (web)
- Diploma of HR
- Community of practice
- People GPS
- Large farm business workshops

Dairy Industry Workforce Development Framework

