

CORRECTED VERSION

RURAL AND REGIONAL SERVICES AND DEVELOPMENT COMMITTEE

Inquiry into retaining young people in rural towns and communities

Dunkeld — 16 May 2006

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Mr M. Ford, employee relations manager (sworn), AME Systems.

The CHAIR — Welcome. You were here earlier so I will not read that statement again.

Mr FORD — My name is Michael Bruce Ford and I am from [ADDRESS REMOVED] Ararat. I represent AME Systems in Ararat.

The CHAIR — Thank you very much. If you could make your comments as brief as possible, we will have some questions for you following.

Mr FORD — I represent the business element in this debate. I am employee relations manager or HR manager for AME Systems. We are a company which looks after 250 employees. We are the largest private employer in Ararat. We compete nationally and potentially will be competing globally. We have plans to expand nationally into Queensland. We have a three to five-year plan to go global, and instead of waiting for the Chinese to come to us, we intend to go to the Chinese. From my point of view I have a vested interest in planning. It is my job to ensure that we have the resources with which to continue this expansion. That is not an easy thing to achieve. But having said that, I am frankly not too worried either.

For me there are a couple of issues. First of all, I am a fairly recent migrant into the country. I have been in Australia a very long time but I am also a migrant from overseas as well. I am originally from the UK. I came in 1982. I worked in Tasmania and now I have moved to Ararat and in all likelihood may very well find myself working somewhere else, possibly Shanghai, possibly New York and more than likely London, having the benefit of dual citizenship. The reason I say that is because it is important that we do not get caught into a mindset of thinking in the old paradigm that we are all going to grow up in Ararat and live here — it is gone. These days when you are talking to an applicant, if he tells you three to five years, take two years off and think, ‘How can I get the best out of him?’ — one year to train him and two years to gear him up. That is what we are looking at here.

When I look at the youth market, and I only look at that as a segmentation of the labour planning, it is important again to move away from the paradigm that we get a young person and at 17 he will become a harness maker and we will put him through a cadetship. People change up to 40, 45, 50.

Part of my work is career planning. I work part-time for a very high price, I should point out, if anyone is thinking about it. People come to me as 50-year-olds and say, ‘I am at the end of my working life’. I look at them and say, ‘Have you any superannuation?’. They say, ‘Yes’ and I say, ‘Don’t guarantee you are going to get that. You want to focus on working until the age of 70’. That is 20 years of your work span. If you look at any documentation it will tell you that people will have three to four changes. You have a life standard of about 10 years, so at 50 years you still have two more life-changing jobs to undertake. Again these are some of the things I want to bring to this table. We want to attract and keep youth, but we want to keep it as an overall demographic and not become too focused on the idea that only youth are going to maintain our resources. It is quite likely that we could be a social worker at 25 years, a lawyer at 35 years, a politician for maybe one or two years and then a doctor for 5 to 10 years.

Dr NAPHTHINE — Which would make the greater contribution to society?

Mr FORD — No comment; all do an excellent job. I will just refer to some general notes I have made. There is a lot of hype about generation Y, generation Z and so on. I have had the good fortune to mix with a whole range of people, from people in their 80s and 90s to 15-year-olds. I have a young daughter. The reality is that generations Y and Z, and anyone else for that matter, are not particularly different to anyone in this room. If we can cast our minds back 15 or 20 years, or whatever the case may be, what were we about? We had the same aspiration as they do today. They include: what am I going to do with myself? — a bit of excitement and getting out in the wide world and a fair amount of uncertainty. How do we go about manufacturing those goals, including higher education and career goals? In terms of lifestyle we are looking for a bit of excitement. There is nothing like driving in the city and looking at — if you are a male — all the beautiful young women who go past. These are the things that excite you at the age of 20, and you have to take that into consideration.

Travelling and new experiences — Australia has a rich history in these activities, so accept that it is going to happen; accept that our rural people are going to sit and dream of wandering off to Cairo or to other places. The question is how to get them back on the rotation when they have had outstanding experiences, they have learnt a hell of a lot more from the rest of the world, applied good-old Australian innovation, and now do it for our benefit. That is the key here. So let us not be too focused on holding on to the dove, because if you hold the dove too much you will stifle it. Let it go and maybe bring it back.

From my point of view, one of the things about attracting younger people into my organisation is that there is one subtle difference between generation X and generation Y and baby boomers, and that is that they are a lot less naive. I want to give you an example which shows how much less naive they are. When I went for a loan 20-odd years ago, I went to the bank manager and put my forms in. I dressed up — I wore a shirt and tie — and went to see the respected bank manager and was extremely grateful when he gave me \$1000 for a Datsun 120Y. A 20-year-old sends in his application by email. He does not go to the respected bank manager. He looks at a preferred lending supplier and knows his debt ratios very well. He will say, 'Hang on, I can service a debt of \$25 000, take it or leave it' and 'Do you want me to be the customer or not?'. That is a big difference. I call that the smorgasbord of fact. That is the question a young person today asks when they want to choose my organisation or where they want to live, particularly as we have a declining population.

We need to be very careful about how we tailor our package. They do not have tunnel vision. They can switch on the Internet tomorrow morning and wire themselves into a career. Without doing anything — and I can tell you this as fact because I do it myself — every morning 50 jobs can come through from seek.com.au or mycareer.com.au and so forth. They can put in their criteria. We are now at the stage where you can automatically submit your resume without doing anything.

So as an organisation, if we want people to take our product and attract labour, we need to have a very good product to put on the table, and accept that just like a smorgasbord people are going to come and have a look and ask questions and they may move on and take the apple pie because that is what they fancy today. Maybe we need to look at that. If everyone is going to the dessert counter maybe we want to give that some consideration. Communities and towns like Ararat or Hamilton also need to understand that. They are competing with the Gold Coast, the Sunshine Coast, Melbourne and Sydney. But they are also competing with Shanghai, New York and London. Record numbers of young and older Australians are going overseas. So if you want people to come to your town, you have to showcase the Grampians and other things. You cannot sit back and think, 'It is nice but no-one else knows about it'. You have to advertise. We can already see that happening.

As an organisation we play a crucial role in that advertising function, if you will, because at the end of the day, as beautiful as the Grampians are, if you cannot find work here you cannot live. It is the bottom end of the pyramid. All of us are familiar with Maslow's pyramid. You have to be able to live and eat in order to self-actualise. Everybody wants to self-actualise. Ten year-olds will come and tell me about self-actualising. That is what I mean. I did not know about self-actualising until about two years ago, so you can see how quickly they understand. They say, 'I want to eat'. So we have to bridge that gap of being able to provide them with jobs, and then we must provide them with jobs that self-actualise.

How do you self-actualise in your job? You do it by having a job you enjoy. Vast numbers of people still go to jobs that bore them senseless. Sometimes you cannot change the job design, and as an employer we can tailor our positions — as boring as some of our work is — to certain groups that we are looking to attract, and that is on the smorgasbord and that is how we get them in here.

If we get them in here the second thing of self-actualising is to say, 'What shall I do with myself when I am being paid competitive wages?'. Again we need to be conscious of competitive wages. You can employ somebody like me and I will look at half a dozen web sites and/or other information and will tell you what your earning capacity should be in the market place. Nobody is going to take a \$20 000 hit to look at the Grampians. Why would you? You can visit the Grampians by helicopter if you get \$20 000 extra, not just nationally but globally. If you are young man with a science degree and you come and see me, I will tell you what your earning income should be, not just here or in Melbourne or Sydney, but what it should be in London, New York or the University of Massachusetts in Chicago, or wherever it might be, and you can make some decisions accordingly.

Again we need to be price competitive, and as a consequence Australian industry needs to be competitive in the world market, otherwise we will continue to lag behind and not be able to pay our people and they will leave us. So that is a crucial element. It is about the fundamentals. It is fine to tailor a program, but the fundamentals are that you must have a job because that gets you a house. Do not worry about the rental market, you just buy the house. That is what matters. It is all about opportunity. It only gets to be a problem if you are being paid \$6 or \$8 an hour.

If you join an organisation like ours, we have bonus schemes and you get paid for your performance, all the things that appeal to young people who understand that and they will come to us. They will not go to the bloke down the

road who gives them the award wage and takes them out for a party every Christmas. He wants performance-based assessment. They understand these concepts.

Once you get that into the community, the second phase is about what you do for a good time. Between the ages of 20 and 30 years you need to have a good time. If you do not have a good time between the ages of 20 and 30 years, there is going to be something wrong with you between the ages of 35 and 45 years. You are going to be sitting around like all the bald-headed blokes riding Harley Davidsons. There is nothing wrong with that: I have no dramas with that. But if you are doing that as a substitute for not having a good time between the ages of 20 and 30 years, then something has gone amiss. How do we do that?

In Victoria we are beautifully positioned, especially here. We are about 2½ hours from Melbourne. It is down the road to the coast. So we can cover the big events, including the football. So it is about the day-to-day activities. We have got to match the entertainment scene in Melbourne. If you go to Ararat there are seven hotels and frankly, I would not set foot in one of them because they are still locked in the 70s. There is archaic beer-sodden carpet that reeks and a lot of 40 and 50-year-old blokes saying, 'I remember when we played footy in the VFA'. Girls aged between 21 and 25 years are not going to go into those establishments. A man recently converted a bar called the Hippo Bar.

I drove past it the other day — I knew I was coming to this committee — and I saw a busload of kids, young adults, probably on the way to Adelaide or something along those lines. All of them were heading into that bar. There would be three or four pubs that they would have to pass to go into there, but they did not appeal. We also have to understand that we have to match them in some way. Should there be an impost on the private sector to come up with an answer to this? I do not know the answer to that.

I do not believe it should be, because it is in my best interests to have younger people; it is in the community's best interest to do that. Maybe you want to look at partnerships and providing ideas or providing some kind of innovative finance so people can take some risks to get these things happening.

Again, there is a range of things you can do. One of the natural advantages that rural communities have well and truly over and above the city is that rural communities, by definition, engage people. I have been in Ararat now for six months, and I constantly feel engaged. People know who I am. I have a reasonably high-profile job for a very small community, but aside from that people know who I am, and it is a good feeling. We are still human beings. We enjoy meeting and saying 'G'day'. We enjoy going to the shop and people saying, 'Mike, do you want this today?'. .

We have thousands of people — young, lonely and talented people — wandering around the city who would not mind some of this, but they do not understand how to achieve it. So, yes, we can provide some insight into giving them the jobs, and secondly we want to sell that community spirit to them and we will get them automatically.

Probably the final point I would like to make about the issue of youth community is that we do not engage the entire rural youth. All of us, particularly the people who sit around this table, are interested in getting the best. When we talk about, 'What do we want from rural youth?', and I am looking at it from a business perspective, what I want is cream — I want the best guys. I am not inclined to pick John the yobbo down the road with a bolt through his nose. That is reality. Those of us here that are politically astute and astute in business need to engage.

It is wonderful, and our social workers and youth workers do a great job, but they do not tell these disillusioned and disenfranchised people how to operate, and they are more likely to be the ones who will form the backbone of the rural community. They will be the ones that will take on your 9-to-5 job. They will be the ones that will be working in relatively semi-skilled to medium-skilled positions. They are not your high-flyers, because the high-flyers are off to Shanghai, I guarantee you. You might get them on the way back, when they are ready to have kids and settle in the country, having made half a million dollars, but you are not going to capture them between 20 and 25 — it is very difficult to do that.

But you will capture this group. There is a huge, vast sum of them and we do not engage them. I do not engage them. I would be very doubtful if many of you in this room engage them in any kind of meaningful way, and we need to do that. If we are fair dinkum about keeping rural youth at the moment, we only have a segment of the market, and we need to increase the market share.

The CHAIR — I have just one question, if it is okay. You spoke about boring jobs, and I think it is correct that there are quite a number out there. How do you go about making your jobs for your staff more interesting, because I would imagine some of the work would be quite mundane because of the type of work?

Mr FORD — It can be, absolutely. What we look at is to attract talent. That is the key role: to attract talent. First of all we look to attract talent from the early stages. We do not just sit back and run some advertisements in the local newspaper and hope talent is going to come to our front door. We are in the schools, already telling people about AME Systems and what we can do for them. What we can do for them is plenty.

One of the things that a lot of young people have in this modern and complex world — it is no different to you and me — is a high level of uncertainty. So if we provide them with a career planning service through our organisation, and I say that in very loose terms, we will organise their training for them. We can do that with modern technology through virtual universities. I appreciate that we do not have the physical universities out there. I think we have moved on from physical universities, to be perfectly honest, as 60 per cent of what universities deliver can be delivered virtually.

All we need is the technology infrastructure, and what companies like AME need is possibly a little bit of support from their regional councils, or whoever it might be — government or whatever. This is not a request for a handout, but an opportunity to look at it to see if we can spend the money on the infrastructure. If we can get that, that is how we attract our people. At the moment we do it in a very limited form, but if we could expand that we would then give them opportunities for learning. We are looking to expand as an organisation, so they would be the first people that would get any kinds of promotions or any kinds of opportunities to relocate. That is how we make the jobs interesting.

In terms of job design, with the very boring jobs, we take them from boring to somewhat less boring by a variety of rotations and by introducing fun into our organisation. You can have a good time and work at AME. In fact, if you do not have a good time at work at AME, that is a problem. And you can do that.

The CHAIR — Thank you very much, Mike. You will get a copy of the transcript in a couple of weeks time. You may correct any errors but you cannot change matters of substance.

Mr FORD — Good luck.

Witness withdrew.