

# CORRECTED VERSION

## RURAL AND REGIONAL SERVICES AND DEVELOPMENT COMMITTEE

### Inquiry into retaining young people in rural towns and communities

Halls Gap — 16 May 2006

#### Members

Mr B. P. Hardman

Mr R. G. Mitchell

Mr C. Ingram

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Chair: Mr B. P. Hardman

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Executive Officer: Ms L. Topic

Research Officer: Dr P. Chen and Ms C. Tischler

#### Witness

Mr B. Dalkin, Westgate Vineyard (affirmed).

**The CHAIR** — Welcome Bruce, I think you were here when I read the statement earlier on, so I will not go over it again. Could you please give us your full name and address and the name of the organisation you represent today and your position within that organisation.

**Mr DALKIN** — Thank you very much for the opportunity to appear here. I am Bruce Dalkin from [ADDRESS REMOVED] Armstrong.

**The CHAIR** — Could you now please give us your presentation for about 10 minutes or so, which will allow us for time to ask some questions after that.

**Mr DALKIN** — I have just made a few notes here. I am not a great literary presenter, so I have basically made a few dot points to keep me on track and a bit of a summary of a few general thoughts. You have probably heard a lot of them before, but it may be an effective summary.

I think a lot of the main attitude people have towards where they fit into the scheme of things and where they are in the community depends a lot on their family history and their connection within the community, whether they are born and bred here, whether their family is from the local area, whether they have moved into the area and become a permanent resident, whether they are from a regional or metropolitan area — from this, I mean families coming in — and also whether they have moved into the area and are likely to be just a short-term resident because of a short-term contract or are likely to move on for promotion purposes. The view of the children of families in that situation of where they are and whether they are likely to come back can be influenced quite a lot, I think, by that.

In our own family situation we have been fairly stationary. Our forebears came out from the north of England in the 1860s and selected our farm area as a weekend retreat in those days. The family used to travel down from Stawell for the weekends. They were among the very first weekenders. Coincidentally, it was about 1½ hour's drive in the horse and buggy to get down for the weekend. I think that 1½ to 2 hours is still a fairly magic number as far as people's weekend activities go. Probably the reasons were much the same too, as I think the family were of fairly strong Methodist persuasion and they probably did not like the daughters hanging around the mining town on the weekends. Some things do not change much.

As far as our family is concerned, they were educated in the local primary school and did the first two years in secondary school and then they attended school in Ballarat, at Ballarat Grammar. It is family history that influenced that. Another influence at the time, the early 1990s, was the fairly dramatic shake-up in the local community with massive job losses within the town. One of the deciding factors that we were looking at was basically putting children among a more positive community. It did not have any particular reflection on the quality of teaching at the time, but it was just the massive shutdown in the town at the time that we felt uncomfortable with.

Our oldest daughter got a scholarship and joined the navy. She studied electrical engineering. She has also done an MBA and a Masters of Environmental Science. She is still in the navy and her husband is also in the navy. They are currently living in Sydney and probably Canberra next. They are aspiring, on the completion of their navy time, to probably move to a regional centre and carry out other activity. Craig is studying law part time, so he is looking at another career after his navy life. That could well be in a regional centre.

Our other daughter, Sarah, and her partner are in the viticulture or wine industry. Sarah studied agricultural science at Melbourne University. She has been employed in the wine industry since then in Adelaide and Griffith, and now she is moving back to the Clare region. She will more than likely remain, because of her occupation, in the regional area.

Our son, Richard, started his tertiary training in viticulture at Wagga, decided that was not for him, and then did a traineeship in recreational management and attended Camp USA and is now studying physical education at Ballarat University. More than likely he will stay in a regional area as well. I think the important thing is that they have all had a completely different course of educational activity. There is no such thing as a locked door. The fact that someone does not get the ENTER score they want at any particular time does not mean they are locked out of life. I think much too much emphasis is put on this ENTER at year 12. There are many other forms of learning and many other ways of getting into education and life. It is an ongoing process.

As to things that affect everything, as I have indicated, I think the preschools and primary schools are equal to anything you would get anywhere. Secondary school is, I think, generally much the same; the quality of the teaching staff is equal to what you would get anywhere else. The only thing that may be a little restricted in some

smaller secondary schools is perhaps the opportunity to study some subjects because of limited teaching staff; you may not get the specialist teaching in some particular areas.

One of the things that concerns me greatly is the decline in practical or trade-type teaching. This hang-up on year 12 has caused a lot of problems to us as a community and to a lot of people. Not everyone is suited to academic textbook learning. The traditional learning through your fingertips is still relevant. Really, as Graeme indicated, in the medical field we may have much better doctors who may not have got as high ENTER scores but who have a much greater affinity with patients than highly academic persons.

The different learning capacities is another important thing — people learn in different ways — and also the male-female balance in the state and private schools. Boys and girls learn at different rates and just lumping them all together in one group is not necessarily the best way of getting the result, because they do not all learn in the same way at the same time.

As to tertiary study, most tend to go away, as has been indicated. The high to very high cost of basically having to support two households — especially if you have two or three children who might happen to be away at any given time — can be horrendous. There is very little or no support for this to happen. As to the idea of the gap year, in most cases that is to qualify for the independent living allowance. You need to earn \$14 000, or it may have changed a little bit, in an 18-month period. Our children have taken advantage of that. They worked during their school holidays and got their own employment and qualified in that regard. They have been able to carry on a reasonably independent life in that fashion.

Tertiary education is one of the big deciding factors, and the need to have a little bit more emphasis on the practical skills. It is very expensive to do that. Graeme's reference to medicine needs to be multiplied by a factor of about 10 for dentistry. It is extremely difficult to get dentists into regional areas. Employment is a big issue — varying opportunities depending on where you are and what sort of employment opportunities are about. In the primary and secondary industries they are usually semi-skilled and some skilled labour, often process-type labour, which sometimes is not the most uplifting type of work.

The big problem is also maintaining continuing employment. Businesses change hands, the new broom comes in and sweeps the old out and brings in the new lot. There is a new culture of labour reduction, the best way to increase your share price is to sack half the staff. It seems quite illogical to me, but that seems to be the way things operate, and also the push to short-term contracts for employing people. It makes it very hard to actually commit to a town, buy a house and get your children set up if you are only employed for 6 or 12 months.

It is a very risky activity. If you are in a larger area, if your job changes in one area there is an opportunity for a job, of a similar type, within the local community so you are still able to maintain that contact. However in one-company towns, where you have a major industry within the town area, it provides limited opportunity for change or advancements, so that can be a handicap as well, especially if you are having to compete in the fairly heavy, very competitive environment.

It is also difficult to commit to the training of staff, difficult to sustain apprenticeships, and then there is poaching by other employers. Some employers employ and train their people and someone else who will not do that, will just come along and offer an extra couple of dollars an hour and will then pinch people already trained without carrying the overhead of the training.

The other thing that concerns me a lot is this trend now to foreign or contract labour — bringing in skilled people from overseas. Whether it is medicine or welders or whatever, the other effect that has is that we are mining other countries for their skills, and often these days they need those trained and qualified people in their own countries, rather than us pinching them.

As far as keeping people in the area, mentoring or welcoming people into the area, I know the old fashioned tin-kettling was a great way of getting people involved. It is more in a wedding situation but it also could be used to apply to new people coming into an area. It is very non-threatening. It can disturb people a little bit, but it breaks down all the inhibitions very rapidly.

There is also traditionally a welcoming group that introduced new families to an area — young professionals coming into an area, where the matriarchs of the region would welcome them in and invite all the right people around for them to meet and make sure they are introduced to the headmaster and the coach of the football team or

whoever else might have an application. So that was a very important part of introducing people into the community.

There is also the need for the idea that if you employ one person, you have to employ or engage the full family, otherwise it is just not going to last. You have the primary job, you also need the secondary job for a partner and the right schools, sporting facilities and infrastructure for the rest of the family.

I think also the expectation has shifted slightly. People now make a list of the things they want and tick them off, whereas the other possibility is to perhaps look at what is available and how to get the best advantage from it. It often comes from the same sort of thing. It is a different mental approach to life, and we can, in the country, provide a more relaxed approach to life that perhaps does not have the same pressures. I think a lot of the city people tend to just be running faster in the squirrel cage and really are not much further advanced even though they have more noughts on everything they do — overdraft included!

There is also the conditioning around the kitchen table — the way people are brought up. They have a positive attitude to life exerted by their parents because they have had a positive life experience. That tends to filter through. Those who come from a disadvantaged or unpleasant background are more likely to have a negative approach to things. That tends to be more where we get the disenfranchised or disillusioned people. This is something that is becoming more evident in our aggressive competition that is going on these days. There is less opportunity for people to care for their community and those in it. That comes from an occupational situation as well as employment or a business situation.

There are also fairly dramatic changes in the way we do business. Over the weekend I saw an article in the *Australian* on the coal industry. You may have had a look at it. It was headed 'Hope of sustaining demand growth.' The numbers presented here are quite staggering in terms of the millions of tonnes of coal that we are hauling out of the ground each year and the amount of wealth that that is creating. If you look at the wool industry, it is a very minor mention on the graph these days, whereas I was brought up at the time when it was the foundation of the Australian economy, so there has been a very dramatic shift in these sorts of activities.

Our involvement now is in the wine industry, which has some fairly major challenges as well. But the opportunities can come forward out of that by looking at ways we can tap into this wealth in other areas. Looking at shifting world markets, the agricultural sector is continually a downward pressure whereas the service sector is a continuing upward pressure on costs and resources and the ability to generate income.

Climate change is having a dramatic effect also on our farming ability. We are in a fairly stationary situation, our opportunity to change is much more limited, and if they keep pulling coal out of the ground at the rate they are indicating here, I think the border line will probably be down around Mortlake.

Production technology and our ability to produce things is almost getting to a point where it is exceeding our ability to consume it. Cheap disposable consumer goods are reducing a whole service sector out of the economy; where you do not repair and maintain things, you just buy something cheap, plug it in, run it till it drops, toss it out, then buy a new one and plug it in again, which I think is not good for our employment situation and it is not necessarily good environmentally either. But I do not think it is something we have the power to turn around.

Coal and minerals — massive growth in overseas investment in there. Different attitudes and different communities too, are indicated here. China may lose something like 5000 to 8000 miners a year in coal mine accidents. It is cheaper to pay widows' pensions than to improve the safety — we have seen the upheaval we have had in Australia over three miners trapped in a mine.

There are massive environmental impacts, and from a farming point of view we have difficulties pruning a tree. The whole thing seems to be dramatically out of kilter in a lot of areas.

Our wool exports now are less than our wine exports. If we want other opportunities for people in regional areas, we cannot keep doing the things we did traditionally, and I do not see a lot of point in propping up ageing or failing industries. We need to be putting some time and effort into developing new ones, and they can be land-based industries as well — have different crops and different ways of producing them. There is always a problem when you have a lead time. There were very generous tax incentives given to the wine industry, which unfortunately were left on for two or three years too long, which threw the whole industry out of kilter. These sorts of things need to be used fairly cautiously.

We are seeing the same sort of debate going on with the blue gum industry at the moment; so the important thing is that if we are getting a new industry going, it needs to have assistance. Perhaps tax is a good way to do this, but it is a bit clumsy because it tends to bring new people in and it does not help those already on the ground because they do not usually have much of a taxable income to get the benefit from it. Therefore if we are looking at new industries we have to come up with creative ways of helping people to get the new industry in, and go through the first capital cycle to get some income back from it, because in most cases it is very expensive to develop that first investment. Simple things like, in our case, the wine market instead of concentrating on our cellar door activities. We were over at Coonawarra over the weekend, and there were a lot of very smart-looking cellar doors with very well-trained and qualified people but very few people driving down the road. The real market, the money is in Sydney and Brisbane; we need to get our products into Sydney and Brisbane.

If our manufacturers are working here we need to be able to figure out, rather than perhaps making wool presses, how they can make components for coal dredges. This is where we need to be a bit more flexible in what we are doing and how we go about it.

From a government point of view if there is an ability to assist some of these industries in regional areas to make those changes so that they can tap into the new wealth, that would be a way of bringing the wealth back into the regional areas.

**Mr MITCHELL** — What can the state government do to ensure that young people have to support to stay in or return to rural communities?

**Mr DALKIN** — They have to be able to see a reason for staying there. There have to be good, viable industries there, not necessarily looking after an ageing population. While that is going to be a great opportunity, there need to be real industries and real businesses there. The wool industry is probably a good example. When I was growing up the average farm would be the traditional soldier settler's block of 600 or 700 acres that could support a family quite comfortably, and they would probably have a part-time farmhand as well. Now you are looking at one person trying to look after perhaps 8000 to 10 000 sheep and doing it fairly hard. They do not have the time to take part in the other community support activities. Everyone is working much harder for a smaller return, and in a lot of cases they do not have the time they used to have to interact socially with other people coming into the community.

**Mr MITCHELL** — How does your local area promote itself as being a place to attract young people to come and live and work and migrate into?

**Mr DALKIN** — The local regional development board has been doing some fairly creative things, and our Grampians Pyrenees development board has done some quite good marketing into Melbourne. They have put on displays down at Federation Square. I think we were down at one of them 12 months ago. They had a land giveaway for one of the towns where you could put your name down in a raffle to win a block of land. That created a lot of interest. They have also done group marketing for job vacancies, so that people know there is an opportunity to come into the area and get jobs.

It is a balance of things, but the key thing is to maintain viable businesses within the area. The competition for small businesses and the amount of administration that needs to go into running a small business is now quite horrendous. A tradesman or a farmer used to be able to run their business almost by the seat of their pants. They had a feel for it, they knew what they needed to do and they just went in and did it. You put in a good day's work and you get a result from it. Now we find we really need to have a paid bookkeeper to help us manage our business.

I am not a great clerical person, I know how the farm works and I can tell whether a grapevine is sick, a sheep is sick or whatever and how to attend to the pastures, but keeping WET tax equations and BAS statements and things like that is a different thing altogether. The cost of running a small business is really becoming difficult.

**The CHAIR** — Thank you, Bruce, very much for your presentation and taking the time to think about this issue and putting it down for us. You will receive a copy of the transcript in a couple of weeks. You may correct any errors but you cannot change matters of substance.

**Witness withdrew.**