

# CORRECTED VERSION

## RURAL AND REGIONAL SERVICES AND DEVELOPMENT COMMITTEE

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

Donald — 17 May 2006

#### Members

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Mr C. Ingram  
Mr J. M. McQuilten

Mr R. G. Mitchell  
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#### Witnesses

Mr M. Amirtharajah, chief executive officer (affirmed); and  
Cr R. Mather, mayor (affirmed), Buloke Shire Council.

**The CHAIR** — Welcome back everyone. I have a brief statement to read before we begin. Under the powers conferred on it by the Constitution Act and the Parliamentary Committees Act, this committee is empowered to take all evidence at these hearings on oath or affirmation. I wish to advise all present at these hearings that all evidence taken by this committee, including submissions, is, under the provisions of the Constitution Act and the Parliamentary Committees Act, granted immunity from judicial review. I also wish to advise witnesses that any comments made by witnesses outside the committee's hearing are not protected by parliamentary privilege.

We are an all-party parliamentary committee, including an Independent, and we are hearing evidence today on our inquiry into retaining young people in and attracting young people back to rural towns and communities.

Before we begin, Cr Mather and Mr Amirtharajah, could you please give us your full name and address, the name of the organisation you are representing and your position in that organisation.

**Cr MATHER** — Reid Mather, [ADDRESS REMOVED]. I am the mayor of the Buloke shire.

**Mr AMIRTHARAJAH** — Mark Amirtharajah, chief executive officer, Buloke Shire Council. My address is [ADDRESS REMOVED] Wycheproof.

**The CHAIR** — Thank you very much. If you give us your comments for approximately 10 minutes, we will have some questions for you following that.

**Cr MATHER** — I will briefly give you an outline of the shire, and then I will pass over to Mark. Save me some time at the end, because I have some things I would like to say. Just to give a quick snapshot of the Buloke shire for the people who do not know, it is very large. We have one of the largest road networks in Victoria, which is a battle to maintain. We have five big towns — big towns are under 2000 people — and five small towns, which have anything from probably 200 people down to 80 people. That is spread over 8000 square kilometres. Our community is very resilient and very robust and certainly deserves a level of service from all levels of government.

That said, the primary source of income for most people is agriculture and broadacre dryland farming. Seventy-five to 80 per cent of our rates come from dryland agriculture, so we need to be very mindful that we are putting back what we are getting. I will pass over to Mark, and he will talk about retaining youth and young people in our shire. I will close at the finish, if that is okay.

**Mr AMIRTHARAJAH** — Mr Chairman, I have provided copies of my presentation, and I will be following that pretty closely. If you would like to read through it with me, that would be great.

For the record and for the purposes of this report, we have defined a young person as anyone below the age of 40. In Buloke's case, this definition satisfies the main purposes of the inquiry, given that it is the retention and attraction of people in this age cohort that is integral to the development of sustainable and vibrant rural communities. Currently people under 40 years of age make up around 41 per cent of the population, and the projections show that by 2011 this is expected to decline to 38 per cent of the population. The ABS projects that by 2031 only 15 per cent of the total population of the Buloke Shire Council local government area will be less than 40 years old. This is an unsustainable situation. The retention rate of people aged between 15 and 24 indicates the most dramatic loss of population within the Buloke shire. The rate of decline in population continues until the age of 40. I must stress to the committee that the data that is actually presented in this report is based on some of the ABS census data, as well as other sources as outlined in the report and some anecdotal evidence.

In terms of income prospects, around 64 per cent of the population in the shire earn less than the average wage. In 2 of the last 10 years the Buloke shire local government area has had within its boundary a postcode with the lowest per capita income of any postcode in Australia. This has reinforced a perception that there is a low prospect of prosperity and sustainability in Buloke. Low disposable incomes are not an attraction. Agriculture has experienced a run of poor seasons not seen for at least 60 years. This has led to many farmers encouraging their offspring to seek employment elsewhere. The gradual decline in population over the last 20 to 30 years has meant that some towns are reaching a point where the critical mass needed to sustain viable shopping centres and other local business activity is already threatened.

In terms of education, school retention rates are very good within our shire, with schools retaining in excess of 90 per cent to VCE level, while the state average is only about 79 per cent. Secondary schools within the Buloke

shire have an excellent education standard and regularly appear in the list of the top 10 non-selective schools in Victoria for VCE results. Some general statistics that are relevant to education in Victoria are: 10 per cent of students who leave school go into some form of further education, whether it be apprenticeships or the trade skills area; 5 per cent look for work; and 85 per cent go on to university. However, 4 out of 10 people who start a university course drop out, and 3 of these unsuccessful students are from regional Victoria. This leads to the conclusion that our schools, parents and community are very good at academically educating our youth but are not preparing them for the transition from school to university.

In terms of the inquiry and some of the factors influencing young people to leave rural towns, I have listed those in dot points and am happy to elaborate should you have any questions. The perception promoted to secondary students by many parents, schools and the general community is that to succeed our youth must be tertiary educated. This results in a need for youth to relocate to regional and metropolitan centres to access that tertiary education. A limited range of employment options results in a need for young people to pursue employment opportunities away from their rural towns. The lack of alternative recreational, cultural and leisure services apart from mainstream structured sports competitions is also a factor. Limited peer group presence in the 18 to 24-year age group in rural towns, which consequently strengthens feelings of youth isolation, is another.

The increased size of farms and advances in technology and farm practices have reduced the number and variety of employment options in agriculture. We have seen over time an aggregation of farming properties, which has led to fewer people being employed on the land. The rationalisation of statutory authorities and companies such as the lands department, Powercor, water authorities, Telstra and the banks has reduced opportunities for employment. We have seen that happen gradually over the years. Institutions such as the lands department and the Department of Sustainability and Environment have had offices in our rural communities, but gradually they have been closed and those positions have been lost from the region.

The trend for both adult partners to be employed in the work force limits the number and range of jobs available to our young people in rural towns. This is particularly difficult when you are trying to attract two skilled persons to the region — in other words, a couple. The lack of connectedness that some youth have to their community — that is, they do not feel they are valued by the community — results in their leaving. There is a very heavy emphasis placed on mainstream sports in our communities. While that encourages physical activity, it also exacerbates the feeling of unconnectedness for those young persons who do not have a sporting inclination. I am predominantly talking about football and tennis and some of the other main sports played.

Some of the factors which may influence young people not to return or stay in rural towns include limited opportunities for career advancement for graduates in rural organisations, graduates and professionals often requiring suitable employment for a spouse or partner and the high expectations of young people about the availability of the services and facilities they perceive as mandatory. They also include an extreme shortage of quality housing, particularly in the rental market in rural communities; a perceived lack of recreational leisure and cultural pursuits for the 20 to 40-year age group; and there is an increasing reliance on volunteerism needed to sustain basic services and infrastructure in rural communities. We also have the difficulty of accessing appropriate child-care services. Previous experiences are that if young people do not feel connected to their communities as teenagers, they are less likely to want to return permanently as young adults.

From the shire's perspective, Buloke shire currently conducts an apprentice incentive scheme which reimburses the employer for apprentices in trades that are considered essential to rural areas. This program reimburses two employers of apprentices per year to the value of \$2000 per apprentice. The Buloke Shire Council has contributed some \$4000 to date to this program over the last two years, and the council has assisted four apprentices — a heavy diesel mechanic, two electricians and a plumber.

The council also offers a three-year rate holiday for new home builders and commercial premises, and, as I have mentioned, Buloke Shire Council has employed three apprentices — a school-based trainee diesel mechanic and two apprentice carpenters — over the last four years, and council is committed to an ongoing program to encourage apprenticeships and traineeships within the organisation and the wider community.

As to needs and future opportunities — business and job development through technology, a strong sound professional business and service sector is the key to training and retaining youth within the rural sector. The key to this is providing professionals and business people with the latest means in information technology. One key disadvantage within the shire is the availability of reliable high-speed broadband services at an affordable cost.

Broadband is available in our large towns, but not to businesses outside these towns. Broadband service is currently able to be accessed by the vast majority of businesses, but non-business users are well below international standards and capacity. A minimum of 2 megabits is required, and 2 megabits per second is very low by international standards — Korea, for instance, aims at 45 megabits per second. The cost to users of available broadband is high and serves as a significant deterrent to uptake within the community. Our five major towns have fibre-optic cable at the local exchange, but this is not readily available for community use. The relatively low cost government incentives targeted at increasing availability are highly recommended.

The *State of the Regions* report for 2004-05 identifies a clear link between professionals working in our community and the availability of information technology. This report clearly identifies a direct relationship between uptake of information technology within a community and economic activity.

In terms of residential land development, towns within the Buloke shire are facing a lack of vacant residential land sites. This is also impeding the development of new housing.

In terms of education and health, it is essential that the state government continue to provide strong support for these services and facilities. Local health and education facilities provide careers for young professionals wishing to return to rural communities and are an essential element of the social infrastructure needed to ensure sustainable communities.

As to local employment policies, the Buloke Shire Council, in collaboration with other major employers and with the government, could establish positive discrimination policies, including bursaries, to place students and graduates in employment positions.

These are some of the recommendations I would like to table at this meeting. It is well documented that Australian rural towns with populations of under 5000 are considered at risk of further decline. Communities with documented population decline should be classified as an at-risk category and then be eligible to receive special government assistance as such. One of the things we would like the panel to consider is an incentive system linked to the higher education contribution scheme — commonly known as the HECS scheme — debt for graduates returning to a rural community for employment. This could translate to a gradual elimination of the HECS debt upon completing years of service in rural communities.

We also consider that you need to establish affordable broadband services offering high speeds and volumes equal to those supplied in leading cities overseas, and that is greater than 2 megabits per second.

Another recommendation is further incentives for employers to train apprentices and trainees. A fuel rebate for primary producers could also be extended to include rural industries and other broader populations aimed at reducing disincentives related to distance from major road networks and urban centres. We also believe in providing scholarships or bursary bonds for further education that require recipients to complete at least two years in a rural area on receiving their qualifications.

We believe there is scope to increase the home building grant. This would support additions to rural housing stock and stimulate rural employment for builders and apprentices. We also believe there should be additional support for job providers. This could take the form of employment allowances and one-off incentive payments, and incentive schemes for businesses to relocate to rural areas.

In conclusion, the rural towns are necessary to service the diverse requirements of the agricultural base of the Buloke Shire Council. The Buloke shire covers an area that provides millions of dollars of agricultural export earnings to Australia. With the help of the community and by offering leadership, initiative and incentives, federal, state and local governments can assist to halt the decline in rural populations. Thank you, Mr Chairman.

**Cr MATHER** — Just to expand on that, I am under no illusion that the rural community is changing. Certainly it has changed dramatically in the last 10, 20 years from where it was, and I do not mind if the young go away. I think that the youth should go away and come back, because I think that will only strengthen Buloke. I guess the point I am putting to the panel is that state government, and even federal government, has a responsibility to service all Victorians, and at the moment I think that rural Victoria has not had the best deal. I think we are clambering back, which is great, but I think if you are really fair dinkum about it, people want to come back, and we are saying they are not coming back for this reason, this reason and this reason. Child care is too hard. I have a Sea Lake example. The girls behind me have done a terrific job getting their own child-care centre up, but I can

assure you they have worked tirelessly to fill in a form that was that thick to get the child-care centre. That would not be so hard in metropolitan Melbourne. If you are serious about it and you want to create an environment which the youth will want to come back to and grow all of Victoria, then give us service to all Victorians. That would be one point I would make.

The way we seem to be going funding a lot of grants is that a lot of it is volunteer based, which I think is a terrific idea because it makes your community part of it. You are saying, 'Give me some in kind and give me some money', and projects that you fund they take ownership of. This is a good thing. But not everybody has time for volunteerism, and you need to understand that — and I think you probably do understand that.

If you are talking about that age group of youth, that is the time when you have got all your debts. If we are saying under 40, it is the time when you are trying to create a family as well. So you have precious little time for volunteerism, although many still do. I would suggest to you that you probably need to look at that per capita model, because if you keep running with that all the time, rural Victoria is never going to win. To change it to a service would be really good.

I see local government as playing a very big role in retaining youth in Buloke. We offer a diverse range of jobs within the shire from competency based, to higher education based, plant operators, engineering, design engineering, HACC services, and we do the volunteerism stuff as well. I would shudder to think how much it would cost us to run this organisation without volunteers. I would suggest to you that something like a bursary with local government would be a good thing. I think that local government would be happy to facilitate such a thing. We would also ask some of our bigger organisations — machinery resellers — to contribute to a bursary bond system. Local government could put something in, our local businesses could put something in, but then I would ask the state government to put something in — probably a lot — to match our own community contribution that we are taking charge of ourselves and running ourselves. I would ask you to help us do that as well.

What is the matter, Peter? Do you think I am not speaking my mind for a change?

The other point I would make, which I do not think we sell really well, we say we are not being paid, and 64 per cent are under the national wage average, but you have to balance that. We have a terrific lifestyle here. Our cost of living is not as high here as it is in Melbourne. My manager, for example, gets a very nice home pretty well looked after. He certainly would not have as much money in his pocket at the end the day if he was trying to live off that wage in Melbourne.

I like where I live and I do not want to live anywhere else. If we are going to grow it, and we are going to grow all of Victoria, as the party in power does, then I think we need to give something to all Victorians. I suggest that you have a look at the model and be fair to all.

**Mr INGRAM** — I would like to pick up on one of your recommendations, Mark — further incentives for employers to train apprentices and trainees. One of the problems in our area is that there are a lot of good small businesses that are training apprentices. There are less than there have been in the past, but as soon as the apprentices finish their trade qualifications they are poached by reasonably large metropolitan businesses which do not train apprentices. You say here there need to be further incentives for rural-based apprentices. We are training them locally and there is a large burden on local businesses, but the benefits are flowing from our area straight to metropolitan Melbourne, which pays higher wages. How do we spread the cost, if you like, to those people who are benefiting from the training that has been done in rural areas?

**Mr AMIRTHARAJAH** — The issue I have raised here in terms of further incentives, one of the ways you can look at it is at the red tape the business has to go through in terms of engaging and employing apprentices — some of that burden could be taken away and provided through job providers in communities. That is certainly something they could get as a cash incentive. The issue you talk about in terms of retaining the apprentice once they are finished — that goes both ways. We have apprentices who have been trained in Melbourne and have chosen to come out to rural areas because of the lifestyle where, for instance, they can do motocross on the weekend and play football, and for all those reasons.

It is an issue that will never be addressed at a national level. Listening to the federal budgets recently, both Labor and Liberals have recognised there is an enormous skills shortage, especially trades skills shortage nationally. We have gone to the extent of international recruitment in some areas. It is an issue you are not going to address overnight. I still think if you can get an apprentice here who can live and work in a rural community for three or

four years, or whatever the length of the apprenticeship, that person is contributing back to the local economy while they are here. That is valuable. It is more about economic development in those communities where they are living. We are looking at rural communities where if we do not have a critical mass, it is going to be very hard to sustain those communities into the future.

**Mr WALSH** — The issue about residential land development, is that a planning issue or is it a capital issue for the development of the residential land as far as kerbing, roads and that sort of infrastructure?

**Mr AMIRTHARAJAH** — They are both correct. It is a planning and a capital issue. The planning issue can be easily addressed through council. Through a municipal strategic review we can rezone land and make more land available for residential development if the demand is shown to be there. The problem is the capital in terms of maintaining the kerbing channel and streets and getting those developer contributions to invest in communities, which we are finding difficult.

**Mr WALSH** — We heard at the hearings yesterday from some of the other shires that planning is not as easy to resolve as you are saying. It takes a couple of years to go through the rezoning to get land freed up for residential or industrial development.

**Mr AMIRTHARAJAH** — It takes a little bit of time but it depends on the accessibility of that land. If you are talking about the major metropolitan or regional areas, there are a lot more hurdles to cross than smaller rural communities. I would suspect it probably would take two years.

**The CHAIR** — Do you have any ideas about making it attractive for developers to develop land so that the residential, especially rental, property market can be increased?

**Mr AMIRTHARAJAH** — The only way you are going to get venture capital or pooled investments through superannuation funds or private builders is through offering some sort of tax incentives and making it financially advantageous for them to come and invest. At the end of the day, given the demographics and population profile, it is going to be very difficult. We certainly see a very big need for residential aged care. Given the demographics you would ask why someone is not building a residential high-care nursing home in the shire. It is that the return on capital investment just is not there at the moment. You would be looking for a financial incentive to drive some of that.

We really think the HECS scheme, the first point I raised — which was gradually eroding the HECS debt — could be a real incentive. If you graduate from university these days you can end up with a \$30 000 or \$40 000 HECS debt. You could come and work in a rural community. I must admit our wages are reasonably competitive, especially from the shire's point of view, compared to regional centres — I am not comparing them with metropolitan councils. In terms of regional councils we often compare wages for positions, and we are offering very good positions. We have engineering positions, environmental and health positions, planners, and we just cannot get those people to come out. One way would be to say if they could do a three or four-year stint in a council, we would wipe off the HECS debt. That is an enormous burden — it is almost like a mortgage that you can just get rid of.

Tax incentives would be great too. I know there are incentives for people to work in Central Australia; there are various schemes available to get them to go out to rural and remote areas. If we are trying to attract professionals like lawyers and doctors, maybe some allowance should be made in recognising, as I have called it here, an at-risk category — rural communities at risk. Have a category such as that and if you work in those communities, here are some of the benefits.

**Mr INGRAM** — Define 'rural'; I know you have defined the size, but how far from metropolitan areas are you talking about?

**Mr AMIRTHARAJAH** — That is a pretty vexed question.

**Mr INGRAM** — Torquay might fit into that.

**Mr AMIRTHARAJAH** — I would say if you are within 2 or 3 hours of a major regional centre. It is such an open question. Rural in terms of infrastructure — Torquay may have broadband access at 2 megabits a second. It is a combination of a whole lot of factors; it is not just the geographic location from a major metropolitan centre.

**Mr MITCHELL** — I am just curious about a couple of things. How does council encourage young people to get involved and to take up leadership positions? What sorts of services are young people coming to council and saying they want in the area?

**Cr MATHER** — There is a forum we do twice a year with youth. We are currently changing our youth officer. We have had a youth officer for five or six years to run their own events; they can feed into council. They can write letters to us any way they want. We have two councillors delegated to that committee, so that feeds into us as well.

**Mr MITCHELL** — Are they also running a youth council?

**Cr MATHER** — I think we have; it is certainly a youth forum. Our biggest problem is we are so dispersed, and we have one youth officer running around looking after them. I think we have about four youth at the different high schools. I think it works as good as it can, given our demographics, which is also difficult for us. Getting back to your funding models again, while you say, 'I will give you X amount of dollars for this', it costs us a lot more to run it by the time we get between one area to another, and I do not think that has been recognised probably as well as it should have.

**Mr AMIRTHARAJAH** — There are opportunities for leadership courses and training as well, the Mayor being an example of someone who has actually been through the course. We certainly have those opportunities available in rural communities, and we hope that those continue into the future.

**Mr MITCHELL** — To what extent are young people encouraged to advocate for new services and new things? Do they have a direct link with council orders, or is all that sort of stuff run through a youth worker?

**Cr MATHER** — If any youth or any group of youth want the right to council, we would convene a meeting with them as soon as we could.

**Mr AMIRTHARAJAH** — There are a couple of avenues that it happens at the moment. We have a youth officer — or we had one; we are in a transition at the moment. But certainly they can canvass ideas through the youth officer, and that is available to all in the community. When council develops its council plan each year — and we have for the last two years — we have actually gone to schools and engaged students at years 10, 11 and 12 to find out what are the issues that they see for council to address going forward into the next 3, 4 or 5 years, and then council obviously prioritises that. That gets reflected in our council plan in some activities and initiatives that we deliver through that plan. We actually have taken proactive steps, and that is why we are quite passionate and we are presenting here, because we really feel that we want to support youth in our communities, and we want to find a way of actually keeping them here and bringing them back.

**The CHAIR** — Thanks very much, Mark and Reid. There will be a copy of the transcript available in about two weeks. You may correct any errors but do not change matters of substance.

**Witnesses withdrew.**