

CORRECTED VERSION

ECONOMIC DEVELOPMENT COMMITTEE

Inquiry into structural changes in Victorian economy

Ararat – 27 August 2001

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Cr P. O'Rorke, Mayor;
Mr. W. Braithwaite, Chief Executive Officer;
Mr I. Surridge, Manager, Rural City Development, Rural City of Ararat.

The CHAIRMAN — I declare open this hearing of the Economic Development Committee at Ararat. The Economic Development Committee is an all-party investigatory committee of the Legislative Council. It is hearing evidence today in relation to its inquiry into structural changes in the Victorian economy. I advise all present at this hearing that all evidence taken by this committee, including submissions, is subject to parliamentary privilege and is granted immunity from judicial review pursuant to the Constitution Act and the Parliamentary Committees Act. We welcome Mr Peter O'Rorke, the mayor of the Rural City of Ararat; Mr Bill Braithwaite, the chief executive officer; and Mr Ivan Surridge, the economic development manager. We appreciate you making your facilities available to us for our hearing. How we usually run our hearings is for our witnesses to make an opening submission to us and then we ask some questions. If you are happy to run it that way, we will proceed. We have around 45 minutes for our deliberations.

Cr O'RORKE — I would like to welcome you and your committee. We feel very honoured to have a parliamentary committee come to Ararat; we have had cabinet people in the past and the opposition cabinet and all the rest of it. Ararat is in a position, particularly into the last two or three years, of going ahead in leaps and bounds in all shapes and forms. We might touch on some of that as we go along. We have had some disappointments with railways closing some years ago; they had employed 500 people. Aradale, the mental institution, employed another 1000 people, and just the other day Ararat Weaving closed. Private industry has taken up the slack over the years, but we will never get back to those sorts of numbers again. However, we rely on government support, and we have had some dealings already with Business Victoria on a few things in the pipeline. One of those is a wind farm, and you might hear a bit more about that later on. Without saying anything further I will let you get on with the formal part.

Mr BRAITHWAITE — Mr Surridge has prepared a bit of a slide show and we could perhaps do that first and then go through some points we put down to talk to the committee about.

The CHAIRMAN — Thank you very much.

Cr O'RORKE — Some of these things will be a bit off your agenda.

Slides shown.

Mr SURRIDGE — Thank you for the opportunity to speak to the committee today. I would like to present some issues which are quite critical in terms of public transport and access for communities in western Victoria. Many of the things I will talk about are particular to Ararat, but I would suggest that they are common right throughout western Victoria in term of providing access to services and facilities. Of particular interest is the access that western Victoria has to public transport. You will see here a map of Victoria. The red line indicates the proposed resumption of passenger rail services to Ararat that was announced by the government in the last budget. That will bring an extra 100 kilometres reach into western Victoria for passenger rail services. At the moment it is entirely unclear as to the number of services that we will have daily. We believe it is one, and the direction of that service is yet to be decided, so some key issues need to be investigated.

In our submission to the government and National Express while they were conducting a review of passenger rail services in Victoria we did a quite detailed study of the likely economic impacts of resumption of services into Ararat and the benefits that might apply to Ararat and western Victoria. Maunsell McIntyre was appointed as consultant, and there was considerable discussion and community consultation in relation to that. Certainly we felt that the findings were that the resumption of rail services would also assist areas and townships further west as far as Horsham because it will provide the world best practice of short road, long rail. It will provide the incentive for people to travel by car to Ararat and then catch a train through to Melbourne or Ballarat. The passenger rail service would support health services in that oncology services are now being sourced in Ballarat and Melbourne. The recent study of Victorian health has shown that western Victoria, and this area in particular, has one of the highest rates for heart disease and need for oncology services in terms of cancer in the state. Health services providers have indicated that it would save them thousands of dollars in carers and the cost of cars if they were able to utilise rail services. The issue for us now is how we make it happen, how we make it work and how we tie into the coach network services currently existing in the state. The key issues are maximising the use of the infrastructure we have in place. It is very difficult to build infrastructure, and particularly rail, these days. We are very pleased that we are getting rail back to Ararat, but we need to maximise the use of that rail. We also need to look at the current state and federal government policies of supporting the triple bottom line, particularly our communities. Public transport is becoming critically important.

I would like to digress a little bit before I get onto coach networks and talk about export opportunities. I know there is another inquiry on this and I thought this might be an opportunity to address that. If we are trying to encourage

businesses to establish themselves in regional Victoria and employ more people, particularly in the manufacturing area; if we are providing incentives under the Regional Infrastructure Development Fund and other federal government incentives for companies to locate here, transport is a critical issue. Some companies, especially those in the export markets, seek to access ports.

We had an experience recently in Ararat with a company by the name of Razorback Vehicles Corporation. It produces innovative drop-back vehicles for the European market. The company has just had orders from Britain, Germany and Scandinavia for its vehicles. In other words, it is selling Volkswagens to the Germans, which is quite innovative in its own right. The company wishes to expand its production from something like five vehicles a week — it has metal presses made up and metal panels — to 100 vehicles a week. That would have created 150 to 200 jobs in Ararat. We have a rail terminal that used to employ 300 people, and we are on the standard gauge line between Melbourne and Adelaide. The company wished to press its panels in Adelaide, bring them here to the plant to be assembled and then move them on to Geelong to export them to Europe by ship. I was speaking to company people only two days ago and they could not access the rail services; they spoke to Freight Australia and to the freight providers and it was not possible. They themselves said they would pay for the infrastructure — the ramps and the lines — to ensure they could get a few freight cars backed in. I think they were looking at three or four a day, but do not hold me to that. It was a minimal number but certainly had the potential to grow.

The important thing on this issue is that if we had one company that used the rail services we would then be in a position to attract other companies and create further employment. We have a major piece of infrastructure there, but we cannot access it. It really is the commercial drive, I believe, of the rail freight operators into the freight that services the agricultural industry that determines where they go and the services they provide. It is not necessarily based on manufacturing or industrial capacity. There do not seem to be incentives for rail owners, and the manufacturing industry suffers. The need to connect to ports for the manufacturing industry is not well served unless you go by road. As I said, the rail terminal and rail yard are in place and it is a shame they are not being used.

The second point I would like to make is about our communities. That goes back to the triple bottom line. Coach transport routes — do they really service communities and the community's needs? Who should review the efficacy of the coach network? I would submit that there is no one body at the moment which has the responsibility to go into regional Victoria and ask whether the existing coach network is serving the communities of the region well. At the moment you have V/Line, the contracted supplier of coach services, running rail replacement services. Their job is to replace the rail services which were closed seven or eight years ago. They are running services up the Western Highway. The other services that branch off that, reaching the small towns and communities, are run by private operators. These private operators apply for a licence for a particular route with the means and wherewithal of why that should be approved, and receive subsidies as school runs and whatever else to run them. There is no other incentive to develop new routes or new services. It seems all very well that in metropolitan Melbourne we have revitalised the transport services through a privatisation process, but I would submit that little has been done in regional Victoria to ensure that those services meet the needs of local communities. Our findings from the Maunsell McIntyre study of the resumption of passenger rail services said that rail resumption benefits not only people in Ararat but the surrounding regions in western Victoria. Public transport services in the area do exist but are unsatisfactory, and coach services are not user friendly for groups such as the elderly or mobility impaired. One of the largest growing age populations in Victoria is centred around Ararat, Stawell and Horsham, and certainly is growing as people move out of metropolitan Melbourne. There are trends to regional Victoria, and mobility and access is quite important.

Mrs COOTE — When did Maunsell McIntyre conduct the survey?

Mr SURRIDGE — The survey was done in early 2000 and submitted in June 2000 to the state government. It was presented to the Minister for Transport by a deputation of ourselves. The issue of rail services resumption is how we make it work. We need an integrated approach. We need to link our rail and bus networks. For example, we have a bus service that runs between Stawell and Halls Gap. We need to make sure that the tourism businesses are tied in with that. However, at the moment we do not have a connection between Halls Gap, Pomonal, Moyston and Ararat; in other words, one connection providing the same route network but servicing two additional townships. There is no regular service between Lake Bolac and there are two services a week between Willaura — our second-largest town — and Ararat, a distance of some 50 kilometres. They have aged care facilities at Willaura and have had a massive decline in employment. It is a major town, with reticulated water and infrastructure for a population of 500 people, and there is a chemist shop where you place your order and get it delivered later on in the week as there is no chemist there and no banking facilities. This is the second-largest town and there are no public transport facilities.

Issues in terms of public transport are many and varied. It is not only health but also our youth. The health and wellbeing of our smaller communities depend on the family, and the family being a unit, especially on the farm, but as we know, people need to go to regional centres to get an education. They need to come to Ararat, and if they are living in Willaura it is very difficult. It certainly makes it difficult to attract families to a place such as Willaura if your town is in decline. At the same time young people need to move away to regional centres such as Ballarat and Melbourne for their education. How can they get back on the weekends? It disrupts the family unit and causes all sorts of pressure and stress. We know that young people are moving away from regional Victoria, and I would submit that public transport is one way of trying to overcome this particular problem.

I have mentioned linkages between rail and bus, and that is important. We have the opportunity here with the resumption of rail services and the fast train to Ballarat to provide a rail service between Ararat and Melbourne in 1 hour and 50 minutes. If anybody has driven up from Melbourne today you would know that the best you could probably do is 2 hours and 15 minutes. That is a magnificent service that has the potential to service the rest of western Victoria. We need to market the services. It is no good saying we have the infrastructure up and going; we have to ensure it gets used. We need to increase its usage and frequency. We understand that the contracted operators such as V/Line and National Express have in their charter to increase patronage. There is no doubt that they will increase patronage because they are putting a new service on, so whatever business they have on that service, whether it is one service a day or one a week, is an increase in patronage. We are very keen to ensure that, because we recognise there has been a 40 per cent decline in public transport and a net loss in the transfer from rail to buses. We are finding that we need to have that challenge to make sure the 40 per cent of people return. History shows that they come back, but slowly. We want to make sure that as demand grows we can introduce those services. We have no guarantee of that at the moment. We need to work with the operators.

The focus needs to be on service as well as infrastructure. The environment of Victoria study, which was launched only two months ago by the Minister for Transport, called for a detailed study of all bus services in regional Victoria. We support that call and say it is urgently needed. If the state government is to spend \$5.5 million reintroducing or resuming rail services between Ballarat and Ararat we need to have a good, clear look at how bus services will link with that for community needs. It is a waste if we do not do that work prior to any resumption. We need to do that by September or October next year. It is not too difficult, but it is all about consulting with communities and ensuring we try to maximise the benefits of public transport for the community.

In summary on the impact of structural change, services have been withdrawn from our smaller communities. We have had banking withdrawn and there has been a change in health services. How do we access those services if they are not available locally? The answer is that you have to hop in your car. The cost to the community is not through not having the services available but the cost of transport. Many of our smaller communities have low socioeconomic profiles. The cost of fuel has increased dramatically in the bush. To do their banking or get their mail they need to drive 50 or 60 kilometres; it is a 100 kilometre round trip to post a letter. There are no public transport services. Public transport can address some of those issues and rural Victoria is in need of urgent review, particularly in the need for coach services. We believe they are important issues.

The CHAIRMAN — One issue we are looking at under the terms of reference is the effect of municipal amalgamations in rural areas. Would you like to address that topic?

Mr BRAITHWAITE — Obviously the mayor has a great background in both pre-amalgamations and post-amalgamations, but I will go through a couple of points first. Municipal rationalisation here was basically the combination of the former Shire of Ararat and the City of Ararat, with a few minor boundary changes, but the focus was still on Ararat as the major town. No two major offices were brought together. The shire offices are only 150 yards down the road. In terms of the economic wellbeing of the town the municipal restructure or amalgamation forced a 20 per cent rate cut on all municipalities. That was followed by a three-year rate freeze. At that time the consumer price index was running at about 9 per cent. Councils were working on 29 per cent less income than they were prior to amalgamation. That forced a lot of reductions in services and in the work force. The outside work force of the council reduced from more than 60 to 30 who had to maintain our road networks. At that time we had a presence in the second and third-largest towns, being Lake Bolac and Willaura. We no longer have manned depots at those sites.

Mrs COOTE — How large are those towns?

Mr BRAITHWAITE — Willaura had probably 600; now it has probably 350 or 370. Lake Bolac is one of our growing townships: it is starting to grow rapidly; it has a population of about 300. All the other townships have about 50 to 150 people. We have 13 established towns in the Rural City of Ararat, but Ararat is the only one

with banking and shopping facilities. Everybody needs to travel to Ararat for their services. That is where the issue of transportation comes into play. The ratepayers felt disfranchised about the amalgamation, which I assure you was not a marriage made in heaven. There are lots of issues about 'We did it better' or 'You did it worse'. Those issues still pervade today. Compulsory competitive tendering did not create the benefits it was meant to; it did not create the long-term savings. We have a question mark around whether the best-value concept will do that, also. We are addressing Best Value Victoria on Friday in Warracknabeal about that. If you talk to most rural and regional chief executive officers and mayors, there is a great deal of scepticism as to whether forcing councils down the route to best value will create any of the savings and service improvements that are mooted for it to do — that is being honest about it. State government cost shifting is another huge issue in relation to amalgamation. The Municipal Association of Victoria has delivered a report to the government about a \$31 million cost shift that is occurring annually from state to local government in services that were funded or resourced by the state government. They have been pushed down to local government. That equates to \$31 million a year across our sector, with no increased matching funding.

The CHAIRMAN — Do you have examples of that?

Mr BRAITHWAITE — The two greatest areas are human services and libraries. Library support used to be about 50–50 between council and the state government; it is now about 80–20. For the first time a capital improvement fund is available to councils. We find that we have a three-year, \$6 million capital improvement fund for libraries, for which all the councils are struggling to find the dollar for dollar to be factored in because we do not want to miss the boat; this is the only time we have had the chance to do that. We are looking at a \$750 000 rebuilding of our library at Ararat to try to get into that window of opportunity. That creates a lot of problems with our cash flows because we have a lot of competing issues; we have the same situation with pools and our building stock. We have \$50 million of primarily heritage buildings in Ararat. They cannot be sold and they have to be maintained. We have to maintain a huge backlog of infrastructure.

The CHAIRMAN — You also mentioned libraries?

Mr BRAITHWAITE — Public swimming pools. I will talk about employment services later, but that is how we see the amalgamation process. There are benefits but there are also negatives. We still have question marks about some notions.

The CHAIRMAN — What have been the benefits of amalgamation?

Mr BRAITHWAITE — Many practices in local government needed to be upgraded. In many instances small rural councils probably were not playing by the correct set of rules. There are economies of scale to be got from larger entities dealing more efficiently.

The CHAIRMAN — Do you have a view about the economies of scale as a result of the amalgamation of the shire and the city of Ararat?

Mr BRAITHWAITE — Not really, but I was not here at the time. There is enough anecdotal evidence around the industry that there are economies of scale to be gained but that there are other disadvantages. Ararat is probably not a good example for amalgamation because it has always been the centre of the municipality, whether as a shire or otherwise. The neighbouring Shire of Northern Grampians has St Arnaud and Stawell, which have no common interests. St Arnaud has just gone out of the area to the Swan Hill electorate.

The CHAIRMAN — Was there a feeling in the city of Ararat that the ratepayers were providing services to people living in the shire, yet those living in the shire were not contributing to those services?

Cr O'RORKE — If you look at that point carefully the rural people will say, 'We are paying too much in rates and providing money for the services in the township of Ararat'.

The CHAIRMAN — That is the case now?

Cr O'RORKE — Yes.

The CHAIRMAN — What was the situation before?

Cr O'RORKE — Previously the city did its own thing, as did the shire. People from both — that is, the shire and the city — used the common facilities. That is the case today. There is a feeling in the rural community

that too much of their rate money is going into capital facilities here in the city that they do not use. You will get that argument wherever you go in rural Australia.

The CHAIRMAN — What is your rate base?

Mr BRAITHWAITE — About \$5 million.

The CHAIRMAN — Which valuation is it based on?

Mr BRAITHWAITE — Capital improved valuation. We have differential rating.

The CHAIRMAN — When you are setting your differential rates what do you do to get around the point made by Cr O'Rorke about the burden of the rate that is met by the rural community?

Mr BRAITHWAITE — The differential rate for the farming community is 70 per cent of the general rate; the differential rating for commercial is 150 per cent and, for industry, 120 per cent. A commercial operator in the main street would be paying more than double what a farmer pays as a rate in the dollar. To balance the argument that rural rates are paying for city services it must be realised that we have a long road network, with many bridges. To service the rural communities, while there are not that many people out there, the cost of getting bridge and road infrastructure to allow industry to develop is high. The council has a \$5 million works program for the next four years — that is, \$20 million in road programs over the next four years.

The CHAIRMAN — What about the employment service provision? You have, I think, four?

Mr BRAITHWAITE — We are well served with employment service organisations. There are any number of schemes, including work for the dole and the community jobs programs. We work with them well. Our problem is that many jobs are not permanent. Some are permanent and we took on people who we auspiced through the schemes, but very few. They are not permanent jobs.

The CHAIRMAN — I assumed from what Mr Surridge said before that one of the problems with employment service issues is people coming in to access face to face the people who are providing the service, and if they are living in small towns it is difficult to get here?

Mr SURRIDGE — Certainly public transport is a key issue. As to employment opportunities and the attraction of business, one of the key issues to be examined is in attracting skills into the area. We can certainly provide unskilled labour into manufacturing areas, but there are administrative, marketing and other skills in the professional areas that regional Victoria finds difficult to attract. We are all aware of the common ones — for example, dentists and doctors, and the same applies in other areas — but I think generally our professional tradespeople are doing well. As we know, if we have a large development coming up we find in some cases we need to import goods and services from Ballarat — and we have done that recently with the Gum Sang museum — and from Geelong because we do not have that expertise and skills in the area to support development. That increases costs. The right type of skilled people need to be attracted to an area.

When we put out a job application — and I could give a number of examples — we get phone calls from Melbourne from people who may be interested in moving to regional Victoria. Then they ask themselves, 'What does it cost me to relocate me and my family and move to the bush to give it a go?'. There is no tax relief in them renting out their properties; not all properties in Melbourne can be negatively geared, especially if the house has been paid off. An extra cost is involved if you need to rent a property here. That becomes a major lifestyle decision that impacts economically on families, especially in the professional areas. It is difficult to make that decision. You may get 20 inquiries for a job but you may end up with only 2 or 3 applicants for the job. It is a real issue for companies. At the same time, looking at, say, Lake Bolac, to encourage people to develop manufacturing or other facilities there, not only is education an issue — and we have good schools in the area — but it becomes a matter of, 'How will my kids get around, how will I get around, what is the extra cost?'. We work closely with industries in establishing themselves in the region. We are dealing with a couple of companies at the moment and are working intensely on wind power and wind energy, especially on the manufacturing side. We have an application with the council for between 70 and 90 windmills, making it the largest site in Australia. It would be based at Portland. We have a lot of work to do to make sure we have the facilities and housing, and so on, for the workers who will come here. It may amount to between 100 and 400 jobs. That becomes a key issue.

Mr CRAIGE — Prior to 1994 when the rail service was removed and coaches were put on, how many people were travelling on that rail service per year?

Mr SURRIDGE — I cannot give you an answer to that.

Mr CRAIGE — Are you aware of how many people are carried on the coach service between Ararat and Ballarat per year?

Mr SURRIDGE — I can tell you the percentage figure.

Mr CRAIGE — So you do not know how many passengers the coach service carries between Ararat and Ballarat?

Mr SURRIDGE — No, I do not off the top of my head.

Mr CRAIGE — And you are not aware of how many passengers the rail service carried prior to 1994. The *Overland* calls into Ararat, is that correct?

Cr O'RORKE — In the middle of the night.

Mr CRAIGE — I am just asking. Let me ask the questions. Are you aware of how many passengers board or alight in either direction?

Mr SURRIDGE — I do not have that figure at the moment. These figures have been looked at by our consultants. One figure I can give you is that our consultants and the department have indicated that when the rail service ceased there was a drop in passenger numbers of 40 per cent straightaway between bus and rail in terms of the people carried.

Mr CRAIGE — Does the existing standard gauge not go through Ararat to Geelong?

Mr SURRIDGE — Yes.

Mr CRAIGE — Is there no freight terminal here?

Cr O'RORKE — Nothing.

Mr CRAIGE — No freight train stops here?

Mr BRAITHWAITE — All the facilities are here, but they do not stop.

Cr O'RORKE — They go straight through.

Mr CRAIGE — Can you tell me why?

Mr SURRIDGE — You would have to ask National Express.

Mr CRAIGE — Surely if it does not stop here the council must have asked National Express why it does not stop.

Mr SURRIDGE — National Express does not look after freight; Freight Australia is responsible. We have approached them and they have indicated that it is not economic for them to do so.

Mr CRAIGE — Even with the indication that Razorback wants to make 100 of these trays per week?

Mr SURRIDGE — In a discussion with Freight Australia and Freight Victoria, I think the comment I received on the telephone was, 'Our core business is grain and that is what we are going to focus on'.

Mr CRAIGE — I have two more questions. I noticed you mentioned in your address the proposed resumption of the railway line. I thought it was a resumption of the rail line. You were saying that what is unclear to you is how many services they will actually run. Do you not have that information yet?

Mr SURRIDGE — In supporting it National Express indicated to us that it was looking at one service a day. That was before the decision was made to resume the services. When I say 'proposed resumption', it has not started yet and is proposed for 2003. We are yet to see if that deadline will be met.

Mr CRAIGE — That is one service each way I assume, in and back?

Mr SURRIDGE — Yes. To give you an example, the proposal the council presented at a public meeting here in Ararat was for a service from Melbourne in the morning to Ararat and from Ararat to Melbourne in the evening. When we spoke to National Express some two or three weeks ago they said it the other way around. We asked how many services there would be and were told that they had not determined that yet.

Mr CRAIGE — In your view and given the plan to expend \$5 million plus, if the work is not done and the provision and infrastructure of the bus networking are not done is the rail extension not then a waste of time?

Mr SURRIDGE — If the rail extension is not done and the status quo remains?

Mr CRAIGE — No, if you do the rail extension but do not do any bus networking and do not develop the network that you said was so vital for those small rural communities that attach themselves to Ararat. Half of your presentation was based on this issue of providing that networking.

Mr SURRIDGE — I do not think it would be a waste of time, but it would be a huge opportunity missed to put so much money into a major piece of infrastructure and not maximise it and make it work properly.

Mr CRAIGE — If that is not done and there is no provision for that bus networking and coordination and the rail is done in isolation, is that not a waste of money?

Mr SURRIDGE — No, there would be a benefit there but it would not be optimised.

Mr BRAITHWAITE — I think the point that is being made by the government is it is going to put the service back and if we do not use it we will lose it. The crux of your question is this thing has to be integrated to ensure that when that money is spent, it is spent efficiently because we have the other networks feeding in.

Mr CRAIGE — Who will provide the bus services and at what cost to whom?

Mr BRAITHWAITE — There are only private operators now.

Mr SURRIDGE — The way the bus services work at the moment is the Department of Infrastructure issues a licence to bus operators who tend to determine what route they would like to operate. An argument is put forward and in some cases it is subsidised. What I would put forward — and I cannot back this up from research — after speaking to Environment Victoria which has looked at this is it has been a long time since anybody has actually reviewed these services. They tend to be historical services which have been operating over the years and whether where they are at the moment suits Victoria or regional communities is another question. It is like the revitalisation of every public transport system. You need to look at what the current services are and what is the optimum type of services, whether they be minibuses or major transport buses on a route. There are plenty of examples of that in the United Kingdom where under the privatisation of the bus service new routes were established and were quite profitable at less cost to the government.

Cr O’RORKE — The other thing to add in answer to Mr Craige is the fact that we have total support from all the councils to the north and west of us on this passenger rail business. We have total support from people and councils indicating that they are sick and tired of spending 4 and 5 hours driving up and down to Melbourne to whatever. If they could drive their vehicles to Ararat and hop on a train in an appropriately timed service, go down and do their business, get the train back to Ararat and then drive home they would utilise this new service.

Mr CRAIGE — I hope you are right. You have been around a long time and so have I — we have seen a lot of those promises before. In this case it is up to the people in the community to get off their butts and support the service. If they do not, it will happen to them again and they will not be able to blame anyone. At the end of the day the fact is it will be put back and they have to support it.

Cr O’RORKE — They realise this.

Mrs COOTE — I would like to build on that. You spoke before about Lake Bolac increasing its population. Is that because of the manufacturing that we have been speaking about with the windmills or is there some other reason?

Cr O’RORKE — Over the years Lake Bolac has tended to be a service centre à la Ararat, but it is 50 kilometres south and they radiate out for about 40 or 50 kilometres with health, agricultural and education services. There are no primary schools in the area; eight school buses feed into that P-12 school. The kindergarten is being re-established back there and it is just how it is. There is no public transport up and down this way. We also

have a development taking place in grain storage. The increase in cropping in the Western District in the past four or five years has been phenomenal. The current grain handling system of Graincorp cannot handle the amount of grain being produced and private industry is coming in to take up the slack. It has already happened in the Wimmera and very successfully, so much so that the wheat and barley boards are looking for this extra storage to handle their capacity crops.

Mrs COOTE — In Lake Bolac the only growth area in this district? Is Ararat growing?

Cr O’RORKE — Yes.

Mrs COOTE — In which direction? Where is the growth in Ararat?

Mr BRAITHWAITE — It is tourism and alternative agriculture. Viticulture is the major area of growth but also in areas of specialised niche products as well.

Mrs COOTE — When you were speaking about the passenger rail service to Melbourne you were referring to the fact that people will drive to Ararat and it will be 1.5 hours on the train, I think you said.

Mr SURRIDGE — An hour and 50 minutes is the maximum.

Mrs COOTE — You are talking about the people from Ararat going to Melbourne for their services. We interviewed Paul Mees from the Public Transport Users Association the other day. He was saying that the evidence of the very fast train in France has been the reverse: instead of bringing back people from the city to Lyons and increasing the manufacturing and the number of people living there, it has done the reverse. Has that come into your calculations here?

Mr BRAITHWAITE — We hope it does.

Mrs COOTE — You are hoping that people leave here and go and work in Melbourne or the other way around?

Mr BRAITHWAITE — No, we are hoping they leave Melbourne and come and live here.

Mrs COOTE — His experience was the reverse. His experience was that they left Lyons and went to work in Paris rather than working in Paris and coming to live in Lyons.

Mr SURRIDGE — There are a couple of things I can say. I have been on the fast train in France and it is a different proposal to the fast train through to Ballarat only.

Mrs COOTE — This is not really a fast train.

Mr SURRIDGE — It is a Sprinter that they are looking at which goes pretty fast to Ballarat and we want to extend it on the line here. It is fast in our terms but certainly not like the Bullet train. I have met Paul but I am not aware of him coming to Western Victoria and discussing regional issues with us.

Mrs COOTE — Are you aware of the Lyons problem?

Mr SURRIDGE — No, I am not aware of that. The point I would like to make is you must look at the critical connection between Ballarat and here. You can change trains or travel through but that linkage for an area town, a major regional town, 1 hour away is quite important. A lot of our kids go away to school and if we had a rail connection it would be easier because they cannot all have cars at 17 or 18 years of age. The rail would allow them to come back home on weekends. It is not only servicing Ararat but also Stawell, Glenthompson and Halls Gap for tourism, jobs and work. One of the issues I raised with some technical and further education (TAFE) people the other day concerned the hospitality training courses which are run from TAFE in Stawell. We are having a problem in Halls Gap where they are finding it difficult to get chefs — that is nationwide — but certainly hospitality staff. A lot of the kids are saying they cannot find jobs and are leaving the area and you go to Halls Gap and you have people from overseas and backpackers on working holidays working in our businesses. There is an issue there obviously. TAFE people say they run their course at Stawell, but the kids with the employment agencies say they cannot get there; there is no public transport except for the buses. They have four or five services a day between here and Stawell and they do not fit into the scheduled times of the TAFE courses. This is going back to the point I talked about with coaches. I think it is a lost opportunity to just put in a service and say, ‘Use it, make it

work'. You need to ensure that the service meets the needs of communities and that is what the triple bottom line is all about.

Mr CRAIGE — That amazes me. I sit here and hear you say how important it is that everything links in and you are still telling me today that the coach service that operates to Stawell does not meet the demands or does not accommodate those young kids going to do their hospitality course at TAFE. It begs the question from where I sit: if it is run by the private operators, if you have a relationship with them as does TAFE, why has something not happened? Have they told you to go jump?

Mr SURRIDGE — I asked the question earlier of who has responsibility for overseeing the network, whether it be coaches or rail, to ensure that it meets the needs of communities. I do not think there is a clear answer to it. The private operators have quite strict contracts and charters in which they operate. They run rail replacement services and their contract says they run the minimum number of services to replace the loss of rail services and that is what they do. I am not aware of any study going out into the communities and looking at their needs and issues. I do not know whether it is the responsibility of private operators, to be fair to them, and I do not know whether it is the responsibility of the Department of Infrastructure at the moment. That is a question I posed.

Cr O'RORKE — We can get bogged down in this sort of thing and I have a couple of things I would like to put. Firstly, carrying on from the chief executive officer's comments about public swimming pools, we have seen an initiative that was started by the previous government and carried by the current government of making dollar for dollar available to upgrade pools in country areas. That has been absolutely fantastic — there are no two ways about that. I speak on behalf of councils in the north-west — there are 11 of those up there — and the south-west as we go to both those area meetings on a bimonthly basis and these things come up. I think the funding regime of that program has one or two years to go, and at the last two meetings of both these areas of the state motions were carried to come to government seeking to have that extended for at least another 10 years. There is much work out there to be done as most of the pools were built in the 1960s. Now there is a need for country people to have options of indoor heated pools, which becomes a matter of larger capital costs. A few have been done and there are more in the pipeline to be done, but if the funding regime runs out that will be it.

I have quite a few other things to say. I will leave with you copies of a council submission on an important issue: for the past three or four years north-west and south-west Victoria have been pushing for a rescue helicopter service in the west of the state. One is located at Bendigo and another is in the Latrobe Valley, both being fully funded by the government. There used to be a private operation in the south-west and we had a public committee that helped that service manage. However, the private operator sold his machine and we are left without one here. In the last month we have had demonstrations of the machines in the south-west by Westvic Helicopter Rescue Service. Those machines would be able to operate at one-third of the cost — I emphasise that — of operations of the services in Bendigo and the Latrobe Valley.

The CHAIRMAN — You have put something in writing to the committee and it is marginal in relation to our reference. Do you have a couple of other things to quickly refer to?

Cr O'RORKE — In the compulsory competitive tendering world most rural councils were gutted. We had to get rid of machinery and staff. Our road maintenance fell further behind than ever over the past 50 years. We are still playing catch-up with that. We have some federal funding, which will help, but we still have a long way to go. As the chief executive officer mentioned, our geographical area of 4500 square kilometres covers a large road network. All the farm machinery has become bigger, as has transport and so forth. They are some of the things we are working hard to try to overcome and grapple with over time. Thank you for the opportunity to put our points of view.

The CHAIRMAN — Thank you for attending. We appreciate your time. We will send you a copy of the transcript. Thank you for making your facilities available to the committee today.

Cr O'RORKE — It is always a pleasure.

Witnesses withdrew.

CORRECTED VERSION

ECONOMIC DEVELOPMENT COMMITTEE

Inquiry into structural changes in Victorian economy

Ararat – 27 August 2001

Members

Mr R. A. Best

Mrs A. Coote

Mr G. R. Craige

Ms K. Darveniza

Mr N. B. Lucas

Mr J. M. McQuilten

Mr T. C. Theophanous

Chairman: Mr N. B. Lucas

Deputy Chairman: Mr T. C. Theophanous

Staff

Executive Officer: Mr R. Willis

Research Officer: Ms K. Ellingford

Witness

Ms A. Hunt, Ballarat Adult and Further Education Centre.

The CHAIRMAN — This all-party parliamentary committee of the Legislative Council is inquiring into structural changes in Victoria. I advise all present that all evidence taken by the committee, including submissions, is subject to parliamentary privilege and is granted immunity from judicial review pursuant to the Constitution Act and the Parliamentary Committees Act. I understand you represent the Ballarat Adult and Further Education Centre, known as BRACE, Ms Hunt. You would be aware of the committee's reference on restructures or structural changes that have taken place in rural areas. We are particularly looking at the last five or six years. We have to report our findings to Parliament. The areas we have been looking at include banking, postal services, communications, municipal services, public transport and employment services. I assume the latter couple are the ones you would like to address today. I invite you to make a submission.

Ms HUNT — Employment services, as well as education and training, is an area we are working with. BRACE works under the job network banner as well as under the state government community business employment (CBE) program. Under Job Network we work with a number of different programs, including intensive assistance and a job-matching program. That means we can provide services to people and anybody who is not working can come in and we will provide services to them, as well as to people who are long-term unemployed. We can provide more intensive services to those long-term unemployed. We have a set caseload of people in Ararat.

The CHAIRMAN — You operate from Ararat?

Ms HUNT — That is correct.

The CHAIRMAN — As a branch of Ballarat?

Ms HUNT — Yes. My particular areas are Ararat and Stawell as branches of Ballarat.

Mr CRAIGE — How many staff do you have?

Ms HUNT — We locally have 6 while BRACE overall has 52.

The CHAIRMAN — Do you have people in Stawell?

Ms HUNT — We have one part-time officer there on three days a week. We have about 20 people on intensive assistance there. We are not a registered site for Job Network but we still provide services there under the CBE program.

Mrs COOTE — Is your caseload about the normal level?

Ms HUNT — That is our maximum case load for intensive assistance; it is usually around 86%. They are people we work with under the intensive assistance program. We work with probably the same case load under the CBE program, which is people aged under 25 years, and 45 and over. We provide similar services to what we would do under the intensive assistance scheme although we do not have the same financial capacity so far as preparing résumés and those types of things. We can do that under the CBE program.

The CHAIRMAN — What services do you provide? Could you go into more detail?

Ms HUNT — We provide services to employers as well as to people who are looking for work. We help people looking for work to compile their résumés and write application letters. We do a number of things particularly for intensive assistance people to help them retrain or upgrade their skills for positions they may be involved in. A lot of the time is spent on information technology; we try to make sure people have some computer skills. We deal with a number of different areas and issues with people under intensive assistance. We work out what barriers they have been facing in gaining employment and why they have been unemployed long time. We look at what we can do to overcome those barriers.

The CHAIRMAN — You liaise with Centrelink?

Ms HUNT — Yes.

The CHAIRMAN — I believe there are four in Ararat.

Ms HUNT — Employment National, Workco Ltd, BRACE and Centrelink.

The CHAIRMAN — You liaise with the others; do you find jobs for people, as does Centrelink?

Ms HUNT — We find jobs for people. The other side of our service is to work with employers. We provide a free service to employers, who place their vacancies with us. They contact us and let us know what sort of person they need and what skills they are looking for. We look at the database; all our clients are on it. We look at who we think is relevant to the position, who has the relevant skills. We contact them and let them know about the position. Then we go through the application process with them.

The CHAIRMAN — You say you are funded by federal and state government grants of different descriptions?

Ms HUNT — That is right.

The CHAIRMAN — Do we assume you are on an ongoing funding arrangement with the federal government and you get grants from the state government to complement what you are doing for the federal government?

Ms HUNT — They are totally different programs. We have a three-year contract with Job Network. The CBE program, the state program, is generally about an 18-month contract. Each time it comes up we re-tender and a certain number of targets will be set for us to achieve in the 18 months, to get people in and get them to work.

The CHAIRMAN — To get to the nub of it: we are trying to look at what has happened in rural and regional areas as a result of restructuring. The committee is aware of what you are doing now. Will you think back about five or six years and say what happened then and what has happened during the intervening time? What changes have there been? Are there more centres in the area? Are there more or fewer programs in the area? How has the organisation you work for developed in that time?

Ms HUNT — Our organisation has worked in employment services only since Job Network started, which is three years ago. Prior to that BRACE was not in Ararat or Stawell and was working as an education trainer in Ballarat. I can tell you from my knowledge but not necessarily through BRACE's experience as a business. I understand there are more services in Ararat now since Job Network has become a competitive area. We now have the three agencies. Prior to that it was the old Commonwealth Employment Service (CES); the one agency was working to try to have people gain positions.

The CHAIRMAN — Are you aware where the CES had its offices in what was the City of Ararat?

Ms HUNT — It had its offices in High Street where Department of Human Services is now located, next to the social security building.

The CHAIRMAN — Were they in Stawell or anywhere else?

Ms HUNT — CES had a small office in Stawell where Centrelink is now situated.

The CHAIRMAN — You say that five or six years ago they were in Ararat and Stawell; now they are still in both places through Centrelink?

Ms HUNT — They are.

The CHAIRMAN — You are here in Ararat with two other groups. Would it be fair to say there has been an increase in employment services in the last five or six years compared with what was there previously?

Ms HUNT — I think so, although I did not work there then; but from the figures that would be so.

Mr CRAIGE — There is now more access?

Ms HUNT — More access or more choice; people can decide which service best suits them or they can register with all services. Given that it is a competitive market, I am sure they would be pushed along faster.

The CHAIRMAN — As a professional working in that area would you say there has been an increase in the provision of employment services in the last five or six years?

Ms HUNT — Yes.

Mrs COOTE — We were led to believe that because of the lack of infrastructure — for example, bus services to some of the outlying towns — it is difficult for people to get work or to attract people to those areas. Is

that your understanding? Is it difficult to place people around this vicinity because of the lack of services? Has that increased?

Ms HUNT — It is probably difficult for people not living in the town. We have quite a number of people, particularly those on intensive assistance, who do not have a driving licence or a vehicle. Many live in more rural areas such as Willaura and Moyston. It would be a problem for them. I suggest that at the moment the situation here is that we are probably lacking skilled people who are looking for work. It becomes a matter of looking at retraining those people who are here at the moment. We have about 17 or 18 positions on our notice board at the moment — that would be 18 with a couple of different employers, although a couple would be multiple positions. What is hard is to find the people to put into those jobs.

Mrs COOTE — You are reskilling the intensive assistance people to take those positions?

Ms HUNT — Yes.

The CHAIRMAN — Do you think the scenario for the past five or six years that you have described to the committee has resulted in the number of long-term unemployed people reducing or that the number with particular job skills has reduced, given that there seems to be a substantial increase in professionals such as you trying to help people to find jobs or become skilled, and who have been unemployed for some time? Has the number of unemployed reduced as a result of the increase?

Ms HUNT — I would think definitely. On the last figures I saw for Ararat there were 307 people registered for unemployment at the moment. Comparatively that is a fairly low percentage of people. However, those people who are unemployed are mostly long-term unemployed. We have some skilling issues there, although it is having an effect and we are getting some long-term unemployed people who are genuine about being prepared to retrain and learn new skills. I think it has been successful in that area, but there would still be a number of long-term unemployed people in this area. Having said that, with our intensive assistance, as I said, we are able to take 105 people and we often have gaps of people who are not eligible to be working with intensive assistance or are working in other programs such as Work for the Dole programs or literacy programs in other areas. The job network terms it a hot spot in Ararat that we do not have a lot of people looking for intensive assistance. We still have gaps there.

Mr CRAIGE — Would you say that compared to three years ago or whatever services are much better directed now than they were previously?

Ms HUNT — I would. I guess it has been a learning curve for people, with job networks starting out, and it has been a three-year period. If you mean by directed more relevant to individual people who are coming in I would say definitely yes.

Mr CRAIGE — So that has been a move in the right direction?

Ms HUNT — Yes. I know that the Commonwealth Employment Service system had case managers and that type of thing, but again I think things have become very outcome driven. Therefore, for whatever purpose you are doing it, because you care about the people who are getting into work or because it is a good business way to do things, obviously you are going to make more money if you are putting more people into work and into the right jobs because they need to stay there for periods of time. It is not just a matter of dropping someone into a job for a couple of days; it is making sure that you are providing outcomes for the employers and the people looking for work.

Mrs COOTE — Is Work for the Dole working?

Ms HUNT — I believe so. Work for the Dole in Ararat is actually run from the Horsham office. Not a lot of people in Ararat are involved in Work for the Dole, but it certainly has improved from the gangs of people who were doing street work or doing up bits and pieces here and there. The way it is at the moment is they are choosing people who are appropriately suited to positions within schools or reception areas or whatever, and they are certainly getting relevant skills rather than saying they want to do something and ending up labouring. I would think so.

The CHAIRMAN — Thank you for your time. We will send you a copy of the *Hansard* record of our discussions and you can see whether we have gotten it right.

Witness withdrew.

CORRECTED VERSION

ECONOMIC DEVELOPMENT COMMITTEE

Inquiry into structural changes in Victorian economy

Ararat – 27 August 2001

Members

Mr R. A. Best
Mrs A. Coote
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Chairman: Mr N. B. Lucas
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Witnesses

Ms J. Wilson;
Ms H. Fleming;
Mr P. Strom, Willaura and District Community Development Group.

The CHAIRMAN — The Economic Development Committee is an all-party committee of the Legislative Council. We are hearing evidence today in relation to our inquiry into structural changes in the Victorian economy. I advise all present at this hearing that all evidence taken by the committee, including submissions, is subject to parliamentary privilege and is granted immunity from judicial review pursuant to the Constitution Act and the Parliamentary Committees Act. We welcome you. What we usually do is invite people to make an opening statement and then we will ask some questions and have a bit of a chat. We have about 16 or 17 minutes to do what we have to do.

Ms FLEMING — Thank you for allowing us to come. We appreciate it very much. It does not often happen for us so we are very appreciative. The group we represent has only been going a very short time; it is the result of the ABCD project — the Ararat and District Asset Based Development project. I will provide a bit of background about Willaura because you may not be particularly familiar with it. The town is about half an hour from here. There are a few semi-government and government organisations — post office, primary school, hospital — which is basically a nursing home — police station, Country Fire Authority, one two-day-a-week bank and a Commonwealth Bank agency at the post office, kindergarten, swimming pool, hall, recreation reserve and infant welfare centre. There is a series of private businesses in the main street. In the past 10 years or so the town has lost its Commonwealth Bank and its full-time managed National Bank, which is now only open two days a week, and the council works depot staff have gone. We have lost our milk bar, butcher and an antique shop. That compounded the effects of the past 20 years when we lost our State Electricity Commission office and workshop, Telecom, and railway station.

Our basic premise is that following the restructures over the last roughly 10 years Willaura has suffered a withdrawal or reduction in services. That has resulted in less capacity for us as a township and district to attract new businesses and full-time residents, loss of local employment opportunities and the consequent drift of population to other centres, whether it be Ararat or further afield. Our local businesses have suffered because potential customers have been forced to come to larger centres to do their essential services, for example some banking, and people take their entire business with them. For those three basic reasons our district has suffered in the restructure. Peter might go ahead and talk about banking.

Mr STROM — An overview of our general banking over the past 10 years shows that we had branches of the Commonwealth Bank and the National Bank operating on a full-time managed basis so you could go in there for your full range of facilities. We are now down to a National Bank operating 8 hours a week, and the management structure is gone. With that goes the local who wants to see the bank manager about purchasing or something; off he goes to the next place, and that takes away the business. It takes away the families from the town and it gives the person going away the opportunity to shop elsewhere. We feel that is very negative for us as a small town. The loss of a bank causes employment opportunities to stop. People do not come to the town with their young ones any more because there is simply no facility to do anything that they are used to, especially if they are coming from a place like Ballarat or Melbourne. We do not have an automatic teller machine, which means that if I pick my young fellow up on a Friday night when he is coming home to play footy there is no place to get money, so he does not come home sometimes.

The town is less attractive to new businesses because they must carry a bulk of cash, which is quite insecure, especially for the elderly in our town. They withdraw their \$150 once a week and they feel quite insecure about tucking it under the old mattress. The kindergarten does a Melbourne Cup Tuesday and at the end of the day it might have \$2000 to \$5000, and what do they do with it? Tuck it under the mattress? It is very unhealthy for everything. Of course the businesses start to go because they cannot bank. The lowering of the standard of a community tends to come out of that as well. That is just a quick overview of the banking industry in general. We have a Commonwealth Bank agency at the post office, but if we are going to go downhill at this rate then our banking facilities will be nil. This cannot happen. It must not happen.

Mr CRAIGE — Who would you then say is ultimately responsible for the issue of banking? Who would you say should be doing something about it?

Mr STROM — I suppose there could be two people who should do something about it. One is the banks, but one could also be the government forcing the banks as it did with Telstra, where it has finally gotten Telstra to make what they call the country division. I believe the banks have some sort of responsibility to the country.

Mr CRAIGE — A social obligation.

Mr STROM — Basically, yes; they have taken our money. We did a study into the banks. One of our banks was the third-biggest country bank in country Victoria, and it still closed.

Mrs COOTE — If you have those sorts of facilities, has there been investigation into a community bank? Minyip and Rupanyup have the Bendigo Bank.

Mr STROM — I believe the community banks are up to \$500 000 for the basis of the start of a bank. We have tended to drift over the past decade, and my belief is that it is very hard to get those people back, for a start.

The CHAIRMAN — Not enough people in the town to set one up?

Mr STROM — This has already started, and all the other things we will be talking about today.

Mrs COOTE — When was the bank the biggest in the state?

Mr STROM — The third-biggest.

Mrs COOTE — Third, when was that?

Mr STROM — That was nearly 11 years ago. The money is still in the district; it is only growing with the cropping and the envisagement of wool going up. I believe the social obligation is put on the banks, and some pressure could be applied by the government.

Ms FLEMING — Willaura's post office was licensed in 1993 and there has been no great loss of service to the community through the restructure, but there has been an economic disadvantage to the licensee who feels she is financially worse off because the Epos machine and system in place in the post office has a low number of transactions, given the smallness of the community. Because of that low transaction rate the licensee loses a proportion of her salary; the postmistress feels that is unfair. She also feels the business is worth less because it is more difficult to sell. A requirement of the new owners would be that they open on Saturday mornings, which the post office now does not do; she feels that requirement would make the business difficult to sell. The low transaction fees and high leasing fees make the business less appealing. We are in imminent danger of losing the Epos machine because of the low number of transactions. Apparently Australia Post is not prepared to negotiate on that or recognise the geographic problems of Willaura, as well as its low population.

The postmistress was also concerned that Australia Post wants her to promote Bpay, which she feels is in direct competition to over-the-counter transactions. She thinks that promotion would lead to her losing business. It generally serves to make a post office redundant if everything can be done over the phone; people do not need to come into the post office and they would not buy the extra stamps, the fax paper or the stationery she carries. She is concerned about that. She is also concerned about Giropost, which she thinks is a disadvantage to low-income earners, and we have quite a number of them in Willaura. There is not a large number of high-flying business people in Willaura. There are hefty withdrawal fees unless various conditions are met; you need to have a certain amount in the bank. We have no ATM in Willaura, leaving many people with no choice other than to use Giropost.

As a side issue — and I am sure it would be covered by the shire — the roads are dreadful. Australia Post contractors suffer wear and tear on their cars and they find that some drop-off points for mail are inaccessible. That is yet another issue she has to deal with in company with the people she employs. The recommendations from our group would be that Australia Post be prepared to negotiate on Epos and the post office opening on Saturdays.

Public transport is a big issue in Willaura. A bus runs from Willaura to Ararat each Tuesday from about mid-morning to mid-afternoon. On Thursdays and Saturdays we have a Willaura–Spencer Street service, and return, via Ballarat but not via Ararat. It runs from 8.00 a.m. to 9.00 p.m. — a big day! We used to have a bus service to Melbourne six days a week, twice a day, but we went from 24 services down to 4.

Mr CRAIGE — When did that happen?

Ms FLEMING — I am not sure, but in the past 10 years. It went from 6 days a week to 4 days a week; now it has been reduced to 2 days. The service, I admit, is not used a great deal, but one of our recommendations is to examine the reason for that. Part of the reason would be the inflexibility of the service and part would be the long hours involved. There was little consultation with the community when the service was altered. Nobody asked what would suit the locals in terms of number of services offered.

Mr CRAIGE — Has that been altered in the last couple of years? When did it go from four to two?

Ms FLEMING — I would have to do more research on that; I do not know.

The CHAIRMAN — Is it fair to say that over the last 10 years or so the number of services has dropped away to what you have today?

Ms FLEMING — Yes.

The CHAIRMAN — Would you say that reflects the number of people using it, that being related to the town becoming smaller?

Mr CRAIGE — And that it did not meet the community's needs?

Ms FLEMING — Yes, the three things. We are not looking to return to a service on six days a week; that was probably overservicing the town. More thought should be given to the service.

The CHAIRMAN — Your angle is that if you are to have public transport, it must meet the needs of the people? It has to be relevant to the hopes and aspirations of your townsfolk.

Mrs COOTE — You think the six services per week were too many and two is not enough. How many people live in the town?

Ms FLEMING — About 300 in the town and district.

Mrs COOTE — What would be their needs? Are they young people with young families, or are they mostly elderly?

Ms FLEMING — There are lot of older people in the town, but it is a mixture. The older people have the use of a community car and community bus on 13 days a month; the shire organises that. That requires a volunteer driver to come from Willaura to Ararat, pick up the bus, take it back to Willaura, take whoever wherever, and return the bus to Willaura. That service was put in place for the elderly many years ago, even prior to council amalgamations. That service is not always that good because it is not always available when the elderly may want or need it; the bus or car may not be available and/or the driver may not be available. There are problems with that, too.

Mr CRAIGE — For your information, in a submission by the Department of Infrastructure on public transport in Victoria — and this demonstrates how misleading things can be when the true picture is not told — I have a diagram from the submission, headed 'Regional passenger networks'. It has a red line which states, 'V/Line marketed coach'. It has a red line from Willaura to Ararat, but it does not tell the story.

Ms FLEMING — No. It does not go to Ararat.

Mr CRAIGE — I would have presumed, from studying that diagram, that there is a constant ongoing service, which is not the case?

Ms FLEMING — No. The Tuesday service is a private Ararat bus company.

Mr CRAIGE — It could be contracted to V/Line, though.

Mrs COOTE — You said the hospital is more of an aged care facility?

Ms FLEMING — Yes.

Mrs COOTE — I have been told that the cost for an ambulance between Ararat and Willaura is expensive and that people are using taxis to transport people because taxis are more flexible and easier. Is that right?

Ms FLEMING — There would be anecdotal evidence to suggest that. We have several anecdotal stories about ambulances. My mother-in-law, who lives on the farm, was bitten by a snake. The ambulance arrived 15 minutes later — an excellent service. Yet, Jenny's father collapsed and the ambulance got lost going to her place. There was no mobile phone service and the ambulance could not ring out. She was forced to chase and catch the ambulance, and to say, 'Follow me up this road, this is where we live'. A couple of years ago, on an Easter Thursday, an accident occurred outside our place. I was waiting and holding the hands of an injured lady in the car. It took 45 minutes for the ambulance to arrive, yet there were police cars everywhere.

Mrs COOTE — Is that a major change over the last four or five years, or has it been progressing, as the decline in the hospital service occurred?

Mr STROM — Our hospital downgrade was sudden. It was a fully doctored service so that if somebody was knocked out on the footy field, the doctor would go over and attend to the player. The hospital had all the facilities, including childbirth facilities. Virtually overnight it became a nursing home. As much protest as was rallied — and there was a lot — it was a case of, ‘End of story!’. That needs to be reversed. We are an ageing town, and we are proud of it, by the way; we are doing a good job for the elderly. They have the facilities they need and we are busting to keep those facilities there; one is the hospital. If we are to provide for the people, it is necessary.

Mrs COOTE — Is there a doctor there?

Ms FLEMING — On two set days, from Ararat, for a couple of hours.

Ms WILSON — But there are no emergency services.

Mrs COOTE — Do the elderly have district nursing services to back them up? The trend in the city is for palliative care and keeping people in their homes for as long as possible.

Ms FLEMING — There is a district nursing service and a Meals on Wheels service.

Mrs COOTE — From the hospital?

Ms FLEMING — Yes.

Ms WILSON — I would like to present an overview of the municipal services, which I will table if we run out of time. The former City of Ararat merged with the Shire of Ararat. The number of councillors was reduced from 21 to 7 — that is, a two-thirds loss in representation. The shire now has only one undivided ward. Although we do not advocate a return to the previous level of representation there is a strong feeling of people being disenfranchised by the restructure. The amalgamations have resulted in a loss of local access to representation, a diminution of the ‘local’ aspect of local government and a devolution of power to the chief executive officer (CEO). There is a sense that people have less input into the financial decision-making processes, with the CEO having delegated authority up to \$100 000. There is also a sense, real or perceived, that some communities may be financially advantaged by the presence of a local councillor and local advocate while other communities may be particularly disadvantaged by a lack of local advocates. I table a report entitled ‘ABCD Development Project’. It reinforces that feeling in all communities in our municipalities.

There is a perception that the distribution of rate dollars throughout the municipality is not equitable. There is a perception of an Ararat-centric focus. Unfortunately there has been a coincidence of major projects happening recently in Ararat, such as the \$3.2 million Gum San project and the visitor information centre, which are seen as almost a penalty to the existing infrastructure and maintenance. The perception of rural residents is that particularly the roads have suffered as a consequence. I emphasise the absolute critical need to maintain road infrastructure; that is how we move from A to B.

The amalgamation process created a large, dominant urban centre — that is, Ararat; it is also demographically dominant — with 12 smaller townships around Ararat. Unlike other mergers, which had to politically rationalise the interests of diverse service centres throughout a municipality, all the headquarters are centred in Ararat. All the council meetings happen in Ararat; the council offices are in Ararat. We, in Willaura, have to spend 30 minutes travelling each way to Ararat — and obviously longer for some residents — simply to access essential services. There is a perceived centralisation of the power base in Ararat and a perceived need to compete for rate revenue. On occasions there is an inadvertent and unfortunate overlooking of the district. I table an advertisement promoting passes to the Gum San Chinese Heritage Centre project, which states, in part, ‘Exclusive to Ararat residents only’. Those supposedly minor issues tend to rankle country folk.

The shire headquarters were consolidated in Ararat. Operations from the council depot at Willaura ceased, with a loss of local employment opportunities, a loss of local and immediate council presence, proactive patrols and a perceived loss of focus on the general issues — that is, maintenance, weeding of garden beds, attention to footpaths and so on. That led to a perception of a reduction in services. Works are now programmed for attention from Ararat, and there is some concern about the efficiency of travel, to and fro, to get attention to works in Willaura. That perception would be supported by anecdotal evidence.

Also, there is a real perception of a deterioration in the road network. Prior to council amalgamation it was easy to get your road graded; the council had almost a routine grading of roads. But now I know from personal experience it can be almost a battle to have that done. That has a widespread impact on, for example, school bus runs, mail deliveries, wear and tear on personal vehicles, on tourism and so on. That is compounded by the rapid deterioration of the roads due to higher truck usage. The B180 just north of Willaura is in particularly bad condition. Issues of safety are a real concern — for example, the width of the road. I had to come in that way this morning and passing trucks is incredibly dangerous if you are in a small vehicle. You will notice the condition of the road shoulders in particular when it rains. I turn to the condition of the road surface. With the Roads to Recovery program there has been a noticeable impact on the local road network. I think it is absolutely imperative that that be lobbied to continue.

The CHAIRMAN — Do you pay more rates now than you paid five or six years ago?

Ms WILSON — Can I quote a local example within our group? There has been a 38 per cent increase in rates between 1996 and 2000 — our new rates have not come out. The farming sector in particular represents 27 per cent of the properties in our municipality but farmers pay 48.1 per cent of the rates.

The CHAIRMAN — And they get a reduced rate compared with the general rate?

Ms WILSON — Yes, there is a differential rating system. Their rate is 0.5324 cents in the dollar whereas the general rate is 0.75 cents.

The CHAIRMAN — Given that the people in a residential area in the city of Ararat, in the town here, pay more, shall we say, for rates, there is still a feeling from the rural community that a lot of money is being spent in Ararat in spite of the fact that the rural community pays less rates.

Ms WILSON — They pay nearly half the total rate revenue. That is just the farming sector; we could not differentiate between an urban rural person and an Ararat person.

The CHAIRMAN — We are running out of time.

Mr CRAIGE — We have heard from the council itself that that was not a marriage made in heaven.

Ms WILSON — Correct.

Mr CRAIGE — The question I will put to you is whether it requires divorce or counselling?

Ms WILSON — I would like to try the counselling first.

Mr CRAIGE — May we make the suggestion on the transcript that they go into a mode of counselling.

Ms WILSON — Supported counselling. This federal injection of funds has been fantastic. An injection of funds for ageing infrastructure is needed. We would like to table how critical it is for our local pool and the public hall. If we put a population argument then Ararat will get a lot of the money and the smaller communities will therefore suffer. It is critical that somehow there is council support.

Mr CRAIGE — Are you aware of a rural transaction centre?

Ms WILSON — Yes.

Mr CRAIGE — Have you considered it?

Ms WILSON — Yes. We discussed this with the local postmistress and it was felt that there would be a danger to local businesses because existing services would then be jeopardised. However, there may be aspects of the rural transaction centre which would be highly beneficial. We have no community photocopier or fax and we do not have Centrelink so how do people access that?

Mr CRAIGE — Take it seriously on board. It does work and it has worked in many centres so far. I have seen an example at Welshpool where it has worked incredibly well with other small businesses in the community. It has not meant any real competition but it has provided a real support and focus for the community. Keep it on your agenda whatever you do and do not put it away, because it is important.

The CHAIRMAN — We will have to wind up here unfortunately. You have some documents which you are happy to give to us.

Ms WILSON — Yes. We would like to take the opportunity to provide this information. We have not covered employment and there are other issues which we did not think were appropriate to the terms of reference such as the hospital which is a critical issue for the economic viability of the town. We would like to table those documents. They are fringe issues but we would like to submit them in writing.

Ms FLEMING — We understand there is a deadline.

The CHAIRMAN — For our report?

Ms FLEMING — For submissions. We will table some today and some later.

The CHAIRMAN — We will look forward to that. You represent a small community and we have a real interest in talking to real people from small communities. We appreciate your coming along. Thank you. We will send you a copy of the Hansard transcript for you to have a look at. We appreciate the time and effort you have put in.

Witnesses withdrew.

CORRECTED VERSION

ECONOMIC DEVELOPMENT COMMITTEE

Inquiry into structural changes in Victorian economy

Ararat – 27 August 2001

Members

Mr R. A. Best
Mrs A. Coote
Mr G. R. Craige
Ms K. Darveniza

Mr N. B. Lucas
Mr J. M. McQuilten
Mr T. C. Theophanous

Chairman: Mr N. B. Lucas
Deputy Chairman: Mr T. C. Theophanous

Staff

Executive Officer: Mr R. Willis
Research Officer: Ms K. Ellingford

Witness

Ms B. Healy, Knowledge Navigator, Ararat Community Enterprise Centre.

The CHAIRMAN — Welcome. We appreciate your making the time to come and talk with us. The evidence taken by this committee, including submissions, is subject to parliamentary privilege and is granted immunity from judicial review pursuant to the Constitution Act and the Parliamentary Committees Act. This is an inquiry into the structural changes in the Victorian economy. We understand that you are the knowledge navigator of the Ararat Community Enterprise Centre, also known as the Cyberwalk Cafe. We would like you to make an opening submission and then we will ask some questions. We have a bit over a quarter of an hour to do that.

Ms HEALY — I am here today partly to present a positive case of what has been happening within Ararat and the rural city in terms of working to counteract some of the structural changes which have occurred. The community enterprise centre is essentially an information technology (IT) training centre. It was established through funding from Networking the Nation, Multimedia Victoria, state and federal government funding as well as local support in terms of staffing requirements. I am employed full time to basically assist the Ararat community and the smaller communities like Willaura, Lake Bolac and Elmhurst to establish their IT skills, get online, use the Internet and other facilities to try to counteract some of the absence of service. We are looking at teaching people to use online banking and e-tax and things like that. That way we can help to counteract some of the distance problems and some of the things Jenny was talking about in terms of not having Centrelink there. We can look at alternative ways of doing that.

Another reason for my being here is to speak about the importance of the services like the one we provide in that we have the flexibility to be delivering services in the smaller townships as well as in the rural city. Community enterprise centres are a relatively new thing; they have been established for 20 months, which has gone very quickly. They have been established in places like Edenhope, Nhill, Minyip and Hopetoun. There are a dozen centres throughout the western region at the moment and our funding has just been increased so there will shortly be 30.

The CHAIRMAN — Is that federal or state funding?

Ms HEALY — Both.

The CHAIRMAN — Both of them have just been increased?

Ms HEALY — I believe the next round of money has come primarily through Networking the Nation.

The CHAIRMAN — Federal?

Ms HEALY — Yes. However, we are still looking at funding sources. We are looking at some things, one of which is not being considered for Ararat because of its size — that is, the Edenhope centre is looking at forming a partnership with the rural transaction centre as is Nhill, Minyip, Hopetoun, and so on. It is a real collaborative effort. We work with the economic development unit here to look at developing community web sites to give a voice to the smaller communities. We have recently received funding through the Greater Green Triangle regional association to provide a computer in Willaura, Lake Bolac, Streatham, Elmhurst and Pomonal.

Mrs COOTE — We have just heard from Willaura people and they do not seem to have too much on the go. Where is the computer located?

Ms HEALY — It is not there yet but it will be; we are purchasing them at the moment. There has been a community consultation process and a submission process and they will be located in places like general stores and public halls — places where there is maximum access for training up individuals from the community to supervise those work stations. I will be providing training in those areas as well. We will take a bank of laptops and go out and teach them introductory computing, introduction to graphical user interface and things like that.

My reason for being here is to speak to the criticalness of those type of services and the importance of keeping them flexible and being able to deliver those kinds of services. We are still relatively in our infancy, although obviously having operated for 20 months has given us enough opportunity to establish our feet and we are trying to spread out into the areas. Certainly we have been very Ararat focused for the past 18 months, but we are now definitely focusing on the townships — that is where we are headed. I have prepared a page that talks about where our funding comes from and the types of services we provide. We have a shopfront here in town which services about 30 people a day passing through for everything from checking their emails to receiving training and doing printing and things like that. As I said, I wanted to draw your attention to the types of services that we are working to provide.

The CHAIRMAN — If I am on a farm 20 kilometres south of Willaura and I want to go on to the Net, what are the issues that confront me, assuming that I can afford to purchase the hardware?

Ms HEALY — Most recently we have had issues with telecommunications. We have had really poor telephone lines and problems of access to the actual infrastructure. I believe an investigative report was done into that in this area last year, but I am not aware of the outcome. It is primarily an issue of access. Another local issue has been the lack of service providers and local dial-up access, meaning that the cost was extraordinarily prohibitive. We had one service provider which meant there was not that competitive element and that made it quite difficult.

The CHAIRMAN — If I wanted to purchase the hardware could I do so in Ararat?

Ms HEALY — Yes.

The CHAIRMAN — If I wanted to get training to operate it?

Ms HEALY — That is the type of service we provide.

The CHAIRMAN — So the whole thing hinges to some extent on whether I can plug it into my phone line and whether that phone line and the infrastructure that is hooked up to it is fast enough to get you into a server.

Ms HEALY — And the awareness of the services. We are still battling to make people aware of online banking and online tax and all of those things which people can use as an alternative to the traditional services.

The CHAIRMAN — If you go back five or six years when none of this was out here in this region probably, or if it was it was minimal, what is the take-up of computer technology and use of the Net for banking, email and all sorts of things? What has been the take-up in commercial and residential in the towns and the farming areas?

Ms HEALY — Commercial has been quite slow. We are still struggling with that because we are trying to develop community web sites where businesses have a point of presence and introducing them to e-commerce and things like that. That take-up has been slow. It has been difficult to convince people that they need to add this branch onto their services and that it is an element that they need to maintain and put time and effort into. 'Time and effort out of my shop, I do not think so' is basically the response we got. Farmers have taken it up well. They have used email in particular quite well in this area, which surprised me. They see the real benefits of using it for online weather but not to the extent of banking — that is slow. Farmer's' wives, you get a good percentage of them using the banking. There are mixed results. Ararat has been fortunate to have a very high IT uptake in the residential area.

Mrs COOTE — What about the elderly? I know that in Melbourne a lot of retired people are taking up the Internet. Is that happening here too? Are they interested?

Ms HEALY — We are working on that. Our centre has been set up as a community centre, it is managed by a community committee and part of our aims and goals is to service the elderly, disabled groups and unemployed groups. We are looking at a community focus. The elderly have been slow on IT uptake primarily because of fear. Basically we are trying to establish a centre where they feel they can at least come in for a start and then work on asking the questions later. However, it has been slow. There is a real perception that centres like ours are crowded to the rafters with children who are surfing the net but most school-age children have access to the Net at home. There is no need for them to use centres like ours, which is where we can provide training services to groups of the elderly.

The CHAIRMAN — Your overview is that people in this area are better off in their ability to access the World Wide Web than they were five or six years ago? The answer must be yes?

Ms HEALY — Yes.

The CHAIRMAN — As a result of a whole lot of changes in the way the world operates people come to us and say, 'This has changed to our detriment'. It seems yours is one of the examples where things are better off?

Ms HEALY — Yes.

The CHAIRMAN — There is a balance between a whole lot of things.

Ms HEALY — That is exactly what I was alluding to earlier. We are presenting a positive case and working to show people it does not have to be the end of the world that a town has lost its bank, that there are alternatives, but it will not happen immediately. It will not happen without support. People will not go home and say, ‘Yes, now I know how to get onto the Internet and how to operate it’. They will need more localised support than they can now get. The previous witness, Jenny Wilson, said she did not want to travel to a council meeting. Similarly, people will not travel to undertake information technology (IT) training. We will have to provide that locally.

Mr CRAIGE — It is a real change, though, because, for argument’s sake, when you think of the weather or livestock reports, while once the ABC and its popular *Blue Hills* program were the only things the farmer would home or tune into, today because of the skills and access, even though there is a tyranny of distance at times with communications in rural areas, farmers now spend a lot of time on their computers looking at the weather forecasts, which are so important to them; they have more access to that information than were they listening all the time to the ABC?

Ms HEALY — It is more current, too.

Mr CRAIGE — There is a real change and a positive sense of going into livestock reports and the futures exchange. Now they are able to gain a wealth of knowledge whereas previously they could only get snippets of that information on the radio.

Ms HEALY — Yes, and once people discover what they are interested in they will build on that knowledge.

Mrs COOTE — You spoke earlier about farmers’ wives using the Net. There is evidence about farmers’ wives actually starting businesses from home because of their use of the Internet. Is that happening in this district, particularly in some of the smaller towns?

Ms HEALY — Late last year we ran targeted training particularly for farmers in association with the Department of Natural Resources and Environment. I could not give you a percentage but at that stage there was a rather good uptake. Those who had not taken it up already were saying, ‘I know my neighbours are doing it’.

Mrs COOTE — Why DNRE?

Ms HEALY — They basically said, ‘We have a technology hole, it would be great if we could use email to contact the farms in the area, let’s get them trained and make sure they have email access and that they can use the technology’. They are the sorts of partnerships we are cultivating.

Mrs COOTE — On farmers’ wives using the Internet, can they access health issues?

Ms HEALY — Yes.

Mrs COOTE — Are they embracing that?

Ms HEALY — That is something we can introduce as a secondary issue. You find that primarily they are looking at it for agriculture reports and the weather. I say to them, ‘Did you know you can look up other things, such as the health networks?’. It has that secondary benefit.

The CHAIRMAN — If we were to make a recommendation to somebody to try to do what you are doing, what would your suggestion be?

Ms HEALY — It is basically about providing flexibility. You will never get an uptake of IT without the human support. It is not enough to put the personal computers out there, as we are about to do, without support, particularly with the elderly or those who are a little hesitant. They will not use it unless somebody is there to hold their hands.

The CHAIRMAN — Would you say that because of the changes and the opportunity for people to use email, and this and that, and to purchase through the Net the two things you would be keen on would be having more of your type of person to go out and encourage people, and to educate them, to show them what should be done; and I assume the second recommendation would be to get the infrastructure right?

Ms HEALY — Yes.

The CHAIRMAN — Whose responsibility is that?

Ms HEALY — Good question! Work needs to be done to identify where the holes are, to start with. We are building a lot of ideals on putting them out there and saying, 'She'll be right', but we need to do more work than that. I do not know the answer.

The CHAIRMAN — Does Telstra do that?

Ms HEALY — Telstra does some. In this area we have had limited access, but they are changing the way it is being done. As soon as you look at focusing on, say, line speeds they say, 'No, we should be moving to satellite usage'. It is going through a rapid period of change. Until we have actually determined the best way to provide the service — —

The CHAIRMAN — You are highlighting a situation where it may well be through improvements in technologies everybody is given a small dish to stick on the wall outside pointing to a satellite and nobody will need hard wiring. That is the problem; we do not know what will happen next.

Ms HEALY — Yes. You can wait too long for the next technology to arrive, so that right now you are doing nothing.

Mr CRAIGE — Will not access drive those changes? The more information you put out drives providers and others to meet that need?

Ms HEALY — Absolutely. That happened with Internet service provisions in the area. I listened to a speaker last Friday who established Netconnect, which was the first service provider in this area. They said the reason they came here in the first place was that so many people were saying, 'When are you coming?'. They had enough people who knew what it was about and about the potential benefits to lobby for it.

Mrs COOTE — They are excited that you are here?

Ms HEALY — Yes.

The CHAIRMAN — Thank you for your evidence and your initiative in attending. The session has been most interesting. We will send you a copy of the transcript.

Witness withdrew.

CORRECTED VERSION

ECONOMIC DEVELOPMENT COMMITTEE

Inquiry into structural changes in Victorian economy

Horsham – 27 August 2001

Members

Mr R. A. Best
Mrs A. Coote
Mr G. R. Craige
Ms K. Darveniza

Mr N. B. Lucas
Mr J. M. McQuilten
Mr T. C. Theophanous

Chairman: Mr N. B. Lucas
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Staff

Executive Officer: Mr R. Willis
Research Officer: Ms K. Ellingford

Witnesses

Cr B. Dunn; and

Mr P. Brown, Acting Chief Executive Officer, Horsham Rural City Council.

The CHAIRMAN — The committee's reference is to look at the consequences of restructuring in about the past six years, which is the period it has chosen to examine. The committee is particularly looking at the effects of local government reform, changes in banking, postal and communications services, public transport and whatever. As the local council representatives, do you have a view as to the effects of restructuring on this region?

Cr DUNN — When you say 'restructuring', do you want me to address municipal restructuring?

The CHAIRMAN — Do that first, as you are the local council, which is a good organisation to get advice from.

Cr DUNN — On municipal restructure, we are one of the municipalities that probably have turned it to our advantage. It has allowed us to tackle projects that could not have been done under the previous division of councils. For example, we represent basically three-and-a-bit former councils. It has allowed us to do things like establish a new, \$4 million livestock exchange at the edge of Horsham and take the old exchange out of the city — it was only one block from our supermarkets — and open up that area for new development opportunities. They are the sorts of projects we could not have done without municipal restructuring. We were fortunate enough to have retained our equipment and outdoor capacity. We have benefited from that. There are examples around us where they have done it much harder. For some municipalities the restructure has created great difficulties. In our case, I suppose we have turned it to our advantage.

Mr BROWN — The amalgamation issue is about the forced 20 per cent rate reduction for municipalities that made them cut services to meet those requirements. The amalgamation issue was mixed up in that, but that is not the significant part of it.

Cr DUNN — As to demographics, we are showing modest growth in our rural city area, although if you drove around you would think we were showing considerable growth with the amount of development and new housing. When it comes to numbers of people, the demographics in the Wimmera show that the migration to the Wimmera is to Horsham and migration from within the Wimmera is to Horsham. That has had a downside effect on some of the smaller communities, but be that as it may, Horsham is growing as a regional-type centre and offering services.

Mr THEOPHANOUS — How did compulsory competitive tendering (CCT) affect you?

Cr DUNN — Mr Brown looks after corporate services.

Mr BROWN — I think the Horsham council was well placed to tackle CCT. It handled it quite well. It had already been contracting out a number of services, and it met the 20 per cent without changing anything in its first year. The smaller rural councils were in more difficult situations. They were forced to tender out services, and they lost some services to bigger centres. That had an impact. They are working their way back from that now.

Mr CRAIGE — How do you see best value affecting you?

Mr BROWN — The work we did to comply with CCT will take us a long way towards complying with best value, together with the normal community consultation that we undertake.

The CHAIRMAN — If I had owned a small house in Horsham for a number of years, how would the rates compare pre-amalgamation to now? Similarly, if I owned a farm 20 or 30 kilometres out of Horsham, what would the situation be with the rates over the same period?

Cr DUNN — I am trying to think of my experience, because I own a farming property. I think they would be higher than previously, or close to it. It is at about where we were so far as rates for farms are concerned.

The CHAIRMAN — When you say 'where we were', you are paying about the same rates now as you were in about 1994–95?

Mr BROWN — A little more. We are a bit different to other municipalities, as we did not give the full 20 per cent but turned some of it into allowing the saleyards development. We saved the money and used it for major infrastructure developments. Ours would be a bit higher than they were in 1994 without considering an adjustment for inflation.

The CHAIRMAN — They have slowed down over that period considerably, from what you are saying, compared with how they may have gone without restructuring?

Cr DUNN — That is possibly fair to say. If you look at it in that way, my best guess would be something similar to where we were.

Mr BEST — How has the private sector infrastructure — that is, banks and such issues — been? Has that affected some of the smaller communities within your municipality?

Mr BROWN — Horsham is different to the rest of Wimmera. Horsham township is the major centre, with some 13 000 people. The only small towns are Natimuk to the west, with about 500 people, and some smaller hamlets. Natimuk has lost some services while Horsham has not lost any services through that time. The Wimmera generally has suffered through the loss of services; the outlying towns have suffered. The major loss has been the middle bracket of people — the 25 to 40 age group. They are the ones who are our natural leaders of the future. That has created issues for rural communities.

Mr BEST — Where have they been lost to — other regional centres such as Ballarat and Bendigo or down to Melbourne?

Mr BROWN — All the way down the food chain, yes.

The CHAIRMAN — What is the total debt of your municipality now?

Mr BROWN — It is \$4 million.

The CHAIRMAN — What would it have been prior to amalgamation, over the three-and-a-bit councils?

Mr BROWN — About \$2.5m We borrowed a bit immediately post-amalgamation, but we have also retired some debt. Our attitude to debt is that it is not necessarily a bad thing for a municipality to utilise, but you should use it strategically and for projects that encompass a number of years and which you would not be able to do in one budget period. For instance, we borrowed money for the saleyards project, but we would not have been able to do the project without some borrowing. As a percentage of rate revenue our annual commitments are about 9 per cent. We try to keep it under 12.5 per cent.

Mr BEST — If you were king for a day, what else would you install by way of new infrastructure — a new football ground, heated pool, basketball courts or what?

Cr DUNN — The priority for the council is an indoor pool facility. For a centre of Horsham's size the lack of such a facility is significant. We have an outdoor pool built in the 1950s, and people travel to Ararat and all sorts of places to use their facilities. We have done major infrastructure-type projects, the saleyards being one. The next major one is the pool, plus the redevelopment of Firebrace Street. We have plenty of issues there, because Firebrace Street would be a major project.

Mr THEOPHANOUS — Are you saying that the effect of the amalgamations has been to cause the bigger rural centres, such as Horsham, to have done well, in one sense — as you have been able to have a bigger and broader rate base that you can use for a range of projects and you are able to do things such as the swimming pool and other things, potentially — but it has not had as positive an effect in relation to the outlying, smaller towns where the reach is a bit different and it is starting to come in to the centres? Is that what is happening?

Cr DUNN — We just have to compare ourselves with a neighbouring municipality. Instead of having one major community in Natimuk as we do and a couple of hamlets, they have 10 or 11 towns each with a swimming pool, each with everything, and the load on them is very significant. I think in our case we were fortunate in that most of the area that became part of our municipality was generating toward Horsham anyway. Horsham was really their main town, so I suppose it was ideally suited. Certainly we have been able to tackle some of those big projects.

Mr THEOPHANOUS — What about public transport? There have been quite a few cutbacks in public transport over the past six years; has that affected you?

Cr DUNN — I think the loss of trains is a sore point here. The Wimmera community really wants to restore train services. It has been agreed to extend as far as Ararat. We would like to see a train service operate into the Wimmera daily.

Mr CRAIGE — When did that last operate?

Cr DUNN — It is going back. We did address that in the submission, but I do not think we named a date.

Mr THEOPHANOUS — I think it was another Jeff Kennett initiative.

Cr DUNN — I do not know the exact date, but it was in the early 1990s.

Mrs COOTE — We were in Ararat this morning and they said they believed that if the train did go to there, there would be a huge push for people from Horsham and further up here to drive to Ararat and then go through to Ballarat or Melbourne. Is that your understanding of what people are calling for, or do they just want the line all the way through to here?

Cr DUNN — I think they will certainly use that extension at Ararat and there will be local buses and so on that will link with it. There seems to be a view by many people that they favour rail transport. I think a lot of them would prefer not to have to disembark and embark. Obviously Ararat will be asking people to go direct to them, and that was already happening anyway.

Mr CRAIGE — If they favoured rail transport the Ararat train would still be there today. The community has to put bums on the seats of the train that goes back to Ararat. As you know, it was withdrawn because there was a significant decrease in use of that Ararat train. It was not increasing, it was decreasing. They might prefer it but they do not use it.

The CHAIRMAN — We have run out of time, unfortunately. Thank you very much for coming along today. We appreciate the time you have given us. I gather from our discussions that you might be sending us a little bit more information. We will send a copy of the Hansard record for you to look at. Thank you for your time and thank you for allowing us to use your building here today.

Witnesses withdrew.

CORRECTED VERSION

ECONOMIC DEVELOPMENT COMMITTEE

Inquiry into structural changes in Victorian economy

Horsham – 27 August 2001

Members

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Staff

Executive Officer: Mr R. Willis
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Witness

Mr J. Ackland, General Manager, Workco Ltd.

The CHAIRMAN — Thank you for coming along. You are the general manager of Workco and you will be talking to us about structural change in the Victorian economy as it applies to rural areas and particularly employment services, which is one of the issues the Premier has asked us to look at. All evidence taken by this committee, including submissions, is subject to parliamentary privilege and is granted immunity from judicial review pursuant to the Constitution Act and the Parliamentary Committees Act. Would you like to make an opening statement and then we might ask some questions? We have about 20 minutes to do that.

Mr ACKLAND — Thank you very much for the invitation to appear today. Workco Ltd was formerly the Wimmera and Grampians Group Training Company, as we were originally set up as a group training company. We changed our name a couple of years ago to reflect the type of business we are in now where we operate across a wider range rather than just group training. We operate throughout the Wimmera, so it is not just Horsham. We operate from some eight locations, employing 51 staff directly. We are a significant and important contributor to the economy of the region and the employment services. We employ over 300 apprentices and trainees in the local regions through our group training arm; that is probably about 50 per cent of the market share. We have operated since 1986, 15 years this year, so we have been stable within our local environment. We also operate a large job network tender. We are an accredited registered training organisation; we offer intensive assistance, apprenticeships and traineeships through the group training network, and we are also a new apprenticeship centre. We operate the jobs pathways program, do a lot of work with vocational education and training (VET) in schools — we placed some 300 participants in the schools into work placements this year — and we have done a lot of careers advice with the schools. Obviously we are very committed to the employment field.

A couple of the areas that we are concerned about include employment generally, particularly external to the big towns, in the smaller communities outside of Horsham. We have a very low unemployment, probably about 2 per cent, which is causing some headaches for us in business development and growth and recruiting for these people. Obviously there is an extreme skill shortage because of the low unemployment rate. We are addressing that with the Wimmera Development Association. We have run five forums looking at how we address some of these labour shortages; it is not only a skill shortage but a lack of people as well. The available pool of people in small communities is a growing concern for us to develop business in the future.

I heard you mention transport before, and that is an issue for us, particularly with apprenticeships and trainees. We find it very difficult to find employment for any young people under 18 years of age, particularly if they wish to work on a farm. We have pursued that over the past four or five years trying to debate the issue of youth licences or some way of transporting people.

Mr CRAIGE — You have been at that for a while.

Mr ACKLAND — We have. We have not gotten anywhere yet, but it is a significant issue for young people in rural communities. We are a registered training provider ourselves but there are some issues about the University of Ballarat and TAFE colleges in this region. Unfortunately a lot of our apprentices and trainees have to leave the region for training and go to either Ballarat or Melbourne, which is an issue for parents of young people, particularly in the first and second year of their apprenticeships; then there is the matter of affordability and the fact that training is not necessarily available closer to here. Those are the some of the issues we have.

The CHAIRMAN — If you take yourself back five or six years, which is the period we are considering in relation to our review, can you trace over those six years what was provided in 1995 in relation to employment services in this area and where from and how that developed to where we are today? You have told us where we are today — we understand that — but where were we in 1995 in relation to employment services, where were they provided from and how has that developed over the six years?

Mr ACKLAND — It has been an evolving growth with the reduction in employment services from the CES in the federal sphere to the letting of the job network. That has been a gradual process which providers such as ourselves have picked up. There are other providers within the region such as Employment National and BRACE Employment. That has been an evolving process. From the perspective of group training we have had significant growth since 1996 to where we are now. It has been a growth period in training in that area, although we have experienced some difficulties given that while the funding rate for group training has been kept stable it certainly has not grown. That is an issue we are debating in a couple of reviews in group training at the moment. I would suggest that because the services in the region are non-profit organisations we tend to offer a good if not better service throughout the region, and particularly in the smaller communities, by having a presence in those towns. We run eight offices, so we have offices in Donald, Warracknabeal, Nhill, Ararat, and Stawell. I would suggest that our service is very good.

The CHAIRMAN — How many physical presences were there in relation to employment services in 1995?

Mr ACKLAND — I could not answer.

The CHAIRMAN — There might have been one in Horsham?

Mr ACKLAND — The CES was in Horsham. It certainly had a location in Warracknabeal and they closed down Stawell and had a location in Ararat. It has been evolving since then with a gradual changeover from the public sector to the private sector.

The CHAIRMAN — Correct me if I am wrong, but it seems to me that over the period of time we are looking at employment services have developed considerably, there is a wider provision than there was before and most of the things you are doing are bigger and better than what used to be there.

Mr ACKLAND — One of the reasons is we have been able to combine a lot more services. I mention this briefly and I will leave the information for you. We have been able to operate a successful group training company, new apprenticeship centre and job pathways program. There are savings in the fact that we can offer a one-stop shop in our whole community. If we only had 50 per cent of those services we would struggle to have the office capacity and the staff to offer a range of services.

The CHAIRMAN — When was the group training scheme formed?

Mr ACKLAND — The one we are operating was formed in 1986.

Mr CRAIGE — It is having that access.

Mr ACKLAND — It is having the access and having the number of programs to be able to afford to operate them all in thin markets.

Mrs COOTE — I think you heard the tail end of Cr Dunn's and Mr Brown's comments about niche export opportunities. Are you doing some specific employment training to help fill the jobs in those niche areas? They were talking about the olive industry, lentils and flower growing. Is it specific in the employment that you are dealing with to help encourage people to develop more industry here?

Mr ACKLAND — We do a lot of work, as I suggested, with VET in schools. A lot of those young people are being placed or looking at training in some of those areas, and we do a lot of recruitment and training for those areas. However, they are niche markets and they are growing. There are not huge demands at the moment but they are growing and we do service them. I think the issue is looking at training to offer young people a career pathway if they are going into those niche markets, to show them where they can go within that market and how to expand their opportunities if they leave those markets.

Mrs COOTE — The young people that you said have to go to Ballarat and Melbourne, are they on the whole coming back here and getting additional services from you, or do they go to Melbourne and Ballarat and disappear?

Mr ACKLAND — They are the apprentices. For example, we do not have any training for the plumbing industry locally and plumbers have to go to Ballarat. The electrical industry is the same: Ballarat or Melbourne is the closest. These are the apprentices we employ who have to go away for three or four weeks at a time to do their apprenticeship training, and they do come back.

Mrs COOTE — Do they stay here, on the whole?

Mr ACKLAND — Generally apprentices who are trained do stay here. Some might leave at the end of their four years to have a look around the country, but generally our figures would suggest that 90 per cent stay in the region.

Mr THEOPHANOUS — Is your funding entirely from the commonwealth or is it state as well?

Mr ACKLAND — It is a mixture. Our group training is a joint policy with both state and federal funding. Our registered training organisation is state funding. Job network is federal. The job pathways project is state. It is really a mixture of both.

Mr THEOPHANOUS — We have been told about a number of new state programs which have been put in place. Have you taken advantage of some of those?

Mr ACKLAND — Yes. We have taken advantage of the pathways program. It is working to encourage young people to remain in schools. We have taken advantage of the joint policy for group training.

Mr THEOPHANOUS — In terms of the number of people that you employ and who are employed in job networks in this region, does it constitute a greater number of people being employed doing this kind of work today than there was under the old CES structure?

Mr ACKLAND — Are there more people working with organisations like ourselves? It is very hard to say. The CES structure was quite big and it depends how far back you go. At stages I think the CES employed 18 to 20 people in its office in Horsham. It is a bit difficult to answer how many are employed now compared to then.

Mr THEOPHANOUS — What happened to those 18 to 20 people?

Mr ACKLAND — Some of them went with Employment National, which the old Commonwealth Employment Service (CES) became part of. Others went to Centrelink and others went into organisations such as ours.

Mr CRAIGE — Those people remained within the community, basically within the same employment they had before and doing similar jobs?

Mr ACKLAND — I would suggest most remained within the community.

Mr BEST — The outsourcing of employment programs has led to greater efficiency and better results for people looking for work, is that what you are saying?

Mr ACKLAND — I would like to think it is greater efficiency, as I am involved in the industry. We could pick up more programs, both state and federal, as we are not linked to one government. We are able to offer programs in areas outside Horsham.

The CHAIRMAN — Do you think your success is also because, as you said, only 2 per cent are unemployed?

Mr ACKLAND — That is only a recent phenomenon; prior to that we had high unemployment. People in the region perceive there is no employment here and move on. As the previous witnesses said, people move from the region to Ballarat and then to Melbourne looking for employment, and they often become unemployed in those larger centres when there actually is employment here.

The CHAIRMAN — You are willing to take credit, and you are sure there are other factors that make it difficult for us to give total credit to one thing versus the other. It is the nature of the market, the economy and what sort of jobs are being sought. You say there are plenty of jobs available in the area, but you cannot match them with the necessary skills?

Mr ACKLAND — That is correct. We have unemployed residents, and none of us wants to see people unemployed and not being able to work. However, the skills of the people now out of work do not match the available vacancies. That is an issue.

The CHAIRMAN — We were told today that the same thing has happened at Ararat. They are looking for skilled people but cannot get them. There are skilled people in the metropolitan area who cannot be enticed to live in the country, yet property prices here are lower and there are jobs here. They are looking for people with skills, but the challenge is to try to get the two together.

Mr ACKLAND — They are not necessarily professional skills that we are looking for. The region is looking for quite a range of skills.

Mr CRAIGE — I have a statement rather than a question. I think you and the other organisations in the area should take credit for a lot of the work, because it is clearly evident that changes have led to a matching process, a hands-on process and a community-driven process. You should hold your head high, as should other organisations that provide employment services within regional Victoria.

Mr THEOPHANOUS — As we are making statements, I congratulate you on taking up the offers made available under the new Victorian government to help that along. In saying so I ask you a final question, which is not to congratulate you but is I would like answered — that is, there have been a lot of discussion and press reports about rorts in the system in relation to the shift from the CES to the new system. Would you like to comment about rorts in this area that you may be aware of or do you think it is not an issue in this area?

Mr CRAIGE — You do not have to answer that if you do not want to.

Mr ACKLAND — I do not mind answering it. As a Job Network provider and a community organisation, you need to be transparent in your operations and accountable for government funds. Because we use a lot of government funds I see no difficulty with that. We have not experienced problems with job providers in this area. You have to go through auditing processes. It is a matter of following due process and ensuring the audits are there and that you are accountable for the funds. When there have been rorts I presume they have been discovered by the audits that have been done in other areas.

The CHAIRMAN — Given that one of our goals is to make recommendations to Parliament that will have the effect of improving the situation, if you have any issues that you consider should be taken into consideration by the government to improve the situation from your point of view, we would be interested to hear them either now or by written submission.

Mr ACKLAND — I might take that on board. I do not want to make suggestions off the top of my head, but I would be interested in thinking about it and making suggestions in writing.

The CHAIRMAN — We would be keen to receive them if you would like to do that. Thank you for your attendance and your presentation. We will send you a copy of the transcript.

Witness withdrew.

CORRECTED VERSION

ECONOMIC DEVELOPMENT COMMITTEE

Inquiry into structural changes in Victorian economy

Horsham – 27 August 2001

Members

Mr R. A. Best
Mrs A. Coote
Mr G. R. Craige
Ms K. Darveniza

Mr N. B. Lucas
Mr J. M. McQuilten
Mr T. C. Theophanous

Chairman: Mr N. B. Lucas
Deputy Chairman: Mr T. C. Theophanous

Staff

Executive Officer: Mr R. Willis
Research Officer: Ms K. Ellingford

Witness

Mr P. Jones, Secretary, Wimmera-Mallee Rail Service Association.

The CHAIRMAN — This is a hearing of the Economic Development Committee, an all-party investigatory committee of the Legislative Council. All evidence taken by the committee, including submissions, is subject to parliamentary privilege and is granted immunity from judicial review pursuant to the Constitution Act and the Parliamentary Committees Act. Would you like to make an opening statement?

Mr JONES — I have put in writing an opening statement under the letterhead of the Wimmera-Mallee Rail Service Association, which I represent. I will comment on the two pages of submissions.

The Wimmera-Mallee Rail Service Association has been in action for about nine years in the Wimmera. Its principal operation or aim has been the return and improvement of rail passenger services to the Wimmera. We have gone beyond that now to a more comprehensive view of public transport. It is on that area of your terms of reference that I make a submission. On the first page I have listed who we think we are, under the heading 'Wimmera-Mallee Rail Service Association statement of purposes and directions'. I have outlined that we are a community public transport group. We are committed to more than just getting trains back but to achieving, for social and economic reasons, the improvement of public transport throughout the broader western region which, we understand, operates from Ballarat to the South Australian border. Some of the work we do covers Hamilton and certainly as far north as Hopetoun. We work closely with seven municipal councils and the Wimmera Development Association. We have general support from those organisations for the work and proposals of the rail association. Our most recent success has been the promise of a return of rail passenger services to Ararat. I will say more about that later.

We work in three areas associated with regional passenger services. Within the rural areas we need to have good freight services for the sake of the rural economy so that rail is used properly, particularly for export markets. Some of the work we have done has been in connection with that, back in the days of the main western line being changed to standard gauge. I will say more about that later.

The standardisation of the western grain lines to Hopetoun and Yaapect was an important turning point in the work being done in public transport. They could have been locked off, forcing the carriage of, say, 100 000 tonnes of wheat from Warracknabeal to Portland in trucks, thereby causing severe social disadvantages for councils and others. We also work on interstate rail infrastructure. We believe it is time a proper emphasis of government was put into upgrading and strengthening the use of interstate rail services so far as freight and passenger services are concerned. That is the fourth point I make on the first page of the submission. I will leave it to your questions now.

Mr BEST — With the advocacy for passenger services for rail or buses, how would you see the fare structure struck? If you are asking for increased services, do you think increased patronage will apply or do you think there will need to be an offset in fare structures or fare prices to warrant services?

Mr JONES — To give a simple example, yes, we would expect we need to develop from the Ararat venture a new and comprehensive public transport service that will give more people access to the service by rerouting the coach services linked to Ararat. I mention that situation towards the end of our submission. We have to look at making the fare structure family friendly. We could have a fare that is no dearer for a family of four than its cost of driving to Melbourne and return.

Mr BEST — You would allow a private-public partnership arrangement whereby the private sector provides either a train or bus service and is able to levy their fares to a comparable level to that of a family of four travelling to Melbourne?

Mr JONES — That is an example.

Mr BEST — What is the advantage in getting them onto public transport if the same cost gives them the flexibility of having their car with them to get around Melbourne?

Mr JONES — That may have another feature that we would be proposing — that is, the family, when it reached Melbourne, would have the use of a three-zone Met ticket. In other words, they do not have to go and buy one, it is part of their ticketing from the time they book.

Mr BEST — What would your position be if the fare structure struck by the operator or the government, depending on whether it is a private or public service, did not attract the level of patronage needed to make the line viable?

Mr JONES — We would have to be talking to the operator. We have relationships with most of the bodies, particularly National Express. We have been in communication and perhaps even liaison with them from the time they first were up as tenderers for the country V/Line services. I would say the first thing we would be doing is keeping an eye on that and seeing what happens. It will be monitored. If you do not mind I will leave a couple of those things to the last points that I make on the second page, we have covered some of them in principle there.

The CHAIRMAN — Our problem is that we are going to run out of time if we are not careful.

Mrs COOTE — How many members does your organisation have?

Mr JONES — In terms of members who pay their membership we would have somewhere between 100 and 200. For instance, in Murtoa alone we have about 70 there because they are very keen on getting their train back — they have been on about it for years. However, when you hold a meeting, as we might in the middle of next month, you would not get that number there. It operates more as a committee where people meet representatives of councils and so forth.

Mrs COOTE — Some of our previous speakers today, Cr Dunn and Mr Brown, said there is a perception that people would like to use the rail. Why is that? We have spoken to the Public Transport Users Association and Mr Best spoke before about a cost-flexibility basis. Why do those 200 members want the train rather than a bus?

Mr JONES — Could I cover that in the next page? I think I would cover that because I have put quite a bit of evidence of people's needs compared with the situation as it is today.

The CHAIRMAN — Do you want to continue with a bit more verbal submission?

Mr JONES — Time is running out, and we might pick up some of the points as we go.

Mr THEOPHANOUS — You have made a comment in here that says it is very clear that the government case — this is the Kennett government case, as it closed down the line to Dimboola which according to you was touted in early 1993 and closed in August 1993 — was based on fabricated patronage figures which were half of the actual figures for use. Do you stand by that submission?

Mr JONES — Yes. We found out just how it was done. For any particular station, say Horsham, the total takings on fares over a period of a year or whatever were divided by the full first-class fare. When you work that out you get just half the numbers recorded in the conductors' books during that period. I do not have my collection of figures on the conductors' books, but in March 1993 we had the records from the station. Everyone was very helpful in those days just to back up the case for them staying in their jobs. That was how it was done. Our chairperson at the time actually interrogated someone from the department concerned, and indeed he admitted that that is what they had done. I do not have that in writing, but that is the way we saw it.

Mr THEOPHANOUS — Would you agree with the statement that the closures meant that the community here felt basically abandoned, that it had a devastating effect?

Mr JONES — I think people felt that they had been disadvantaged severely compared perhaps with what was happening in the city. That might have been the feeling. It certainly led to strong discussion at the protest meetings which were held. We had the statement of the former member of Parliament, Mr McGrath, that Victoria was haemorrhaging. That is what upset people more than anything else, because some of us said to him that if their toe was haemorrhaging they would not cut the whole leg off. That was the sort of argument that went on at the time. The first section of that submission goes through a number of things we did. I do not need to read them out, but there were surveys and people speaking anecdotally.

Mrs COOTE — Do you have any idea of how many people we are talking about? You say that they were wrong, but do you have any empirical data to suggest that they were not correct?

Mr JONES — I would think that at the Horsham town hall meeting in early 1993 there probably would have been 400 people there.

Mrs COOTE — Would all of those people been regular users?

Mr JONES — They would have all been there first to find out and second to protest.

Mrs COOTE — But they were not necessarily users?

Mr JONES — I would think a fair number of them would have been, but they were regarding their rail service as sort of public property that they could make use of. They were losing something they thought was a community asset. It was just as they regard the roads — they might not drive their car to Edenhope every day, but they want the road there for when they do. I think there is a strong feeling among country people like that. If I could just go on a bit further, we did surveys. The *Wimmera Mail-Times* put a survey out for us and we received 700 replies. Not all of them said they wanted to keep the train, but there was a definite interest and a strong feeling at that time that we should pursue the continuing of such services to the community compared with using the coaches. The next important thing, if I can go from there to what I have provided, is that the train continued to run to Ararat until some time in 1994 because the road was so bad that they would not risk running the buses on it while it was under reconstruction. We found that even though there was opposition to the coaches people continued to use them because they were not running quite as far as they were intended to run — to Ballarat. The decline in patronage began when it was closed down at Ararat, and it was down to about 50 per cent of its 1993 figure not long after. However, it has improved over the time. We would recognise that at the moment there is probably about 80 per cent now of the original 1993 numbers, but things have changed since then, it is another generation over those nine years.

The CHAIRMAN — We have run out of time.

Mr CRAIGE — I notice point 3 on your final page. Upon the reopening of the rail service to Ararat, if in fact there is only one service, one down and one back, is that an improvement overall from the point of view of providing a service that you think would provide the numbers needed to go back to using rail?

Mr JONES — We would think, and we are doing this sort of talking with the government and National Express and I was talking to the Department of Infrastructure about it today, that if you are going to have a really good comprehensive service that goes to more points using the coaches than it does now and you want to make it attractive so it will move people out of their cars and into public transport, you have to have frequent services.

Mr CRAIGE — More than one a day?

Mr JONES — More than one a day.

Mr CRAIGE — I am happy with that.

Mr THEOPHANOUS — But one is better than none?

Mr JONES — Yes, but there is a main principle here that shorter road, longer rail is the thing that will attract people.

Mr CRAIGE — Unless that is done and unless you have an integrated bus network which meets a lot of the requirements, this will not fulfil its potential to provide that much-needed public transport service.

Mr JONES — In your promotion of it you have to be able to say that we have this many services running, not just once a day, and some will still have to ride all the way to Ballarat on the coach because they cannot all go to the one service.

Mr CRAIGE — That bus network needs to be improved with more services more frequently to meet that train for the long-haul train trip?

Mr JONES — That is the change in our thinking over the years. It must be the best combination of the road and the rail that people will be attracted to. The points I have listed in no. 3 are what we are working on now. I just offer it to the committee as the solution to the loss of services problem.

The CHAIRMAN — Thank you very much for coming along. We will send you a copy of the transcript prepared by Hansard for you to have a look at. Each of us has a copy of your document, and we will have another look at that. We appreciate the time you have given us. Thank you.

Mr JONES — Thank you for the opportunity.

Witness withdrew.

CORRECTED VERSION

ECONOMIC DEVELOPMENT COMMITTEE

Inquiry into structural changes in Victorian economy

Horsham – 27 August 2001

Members

Mr R. A. Best
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Witness

Mr P. Sabien, Executive Director, Wimmera Development Association.

The CHAIRMAN — This is a hearing of the Economic Development Committee, an all-party investigatory committee of the Legislative Council. All evidence taken by the committee, including submissions, is subject to parliamentary privilege and is granted immunity from judicial review pursuant to the Constitution Act and the Parliamentary Committees Act. Would you care to make an opening statement?

Mr SABIEN — Thank you for the opportunity to brief the committee. I have handed up a letter with a submission about the impact of structural changes in the Victorian economy. I submit to the committee the Wimmera strategic plan initiative. I will talk to that when I have the opportunity. The first submission I make is on structural changes and I will later speak about the committee's exports reference.

The Wimmera Development Association is the peak economic development association in the Wimmera and covers the four shires of Horsham, Hindmarsh, Yarriambiack and West Wimmera. It is funded by local government and a patron, Ace Radio Broadcasters. We have been in operation for about nine years. We and the Gippsland economic development organisation are the two that have been operating for a long time. Our reputation is for being proactive in the region not only to attract and promote investment opportunities but also to work with many small businesses in the region. In the past three years we have undertaken a regional project to help us understand what changes have occurred in the Wimmera region and also to develop a strategy to help strengthen the region's industries and communities. That strategy is entitled 'Wimmera regional development strategy' and contains four stages. The stage that you have in front of you is stage 3. The fourth stage is now being implemented. It is our intention to present the Economic Development Committee with stage 3 of the Wimmera regional development strategy entitled 'Wimmera strategic planning initiative'.

A forum held in Horsham last August, attended by a large number of people from rural communities and industries from across the region, identified and agreed on a number of priority projects for the region. This has been used as the basis for the implementation of the Wimmera regional development strategy. It may seem a little strange to submit this strategy to you with a title 'Impact of structural changes in the Victorian economy', but we see this as the result of a lot of the changes that have occurred in the Victorian economy and the projects that the region regards as important but which nobody else is addressing.

The issues raised specifically in the document are: the regional image, the issue of developing a strategy for the grains business cluster; looking at how we can support agribusiness through infrastructure; a regional approach to address market labour shortages and skill shortages; how towns can benefit from tourism; supporting young people in the region; and building community capacity and leadership initiatives. My organisation has taken on those seven projects as region-wide issues that the region regards as important but which are not being addressed by other people throughout the region. I realise your terms of reference include such things as banking, postal services and so on, and I am certainly more than happy to field questions on those issues. I would like to put our initiative as a unique approach to development within the region and something that Parliament should like to have happen in all areas of Victoria.

The CHAIRMAN — The date of the report is June 2001. Has that gone to the government?

Mr SABIEN — No.

The CHAIRMAN — Do not feel embarrassed about putting this to us in the form you have or saying that it is your initiative. You should be proud of that, and we are interested in looking at making recommendations to Parliament that will move Victoria forward. Although it is correct, as you say, for us to review what has happened in the past five or six years we certainly want to make proactive statements in our report. This is right down that line. Feel good about that.

Mr SABIEN — I started putting together a submission to address each of the committee's terms of reference, but after spending a day on it I scrapped it and thought, 'This' — the strategy — 'is really what we, in the region, have done to address the needs of the region'. Yes, we are proud of it; no, we have not formally taken it to the government, but as a region, we and the council have adopted it. We are now implementing some of the projects that are documented in the report. I could give a quick snapshot of that, if the committee pleases. On page 9 of the report, under 'Strategy for the grains business cluster', we report that we have just been granted some money through the regional assistance plan of the federal government to carry out that project; we have just appointed consultants to do that. On page 11, under 'A coordinated regional approach to address labour market shortages' we say we have been working with John Ackland's organisation, Workco Ltd, to look at the long-term issue of labour shortages in the region. We have a submission before the federal government to help us address that issue.

I am due to talk at an industry training advisory board conference in Horsham tomorrow about the skills shortages in the region and the work we are doing. We are running another forum in September with all the vocational education and training (VET) teachers in the region to try to understand the reason why we have labour shortages so the needs can be addressed. That is another part of the project we are implementing.

I also refer to the project on page 14, under 'Supporting community capacity and leadership initiatives'. We have been lucky enough to receive funding from the state and federal governments to implement the Wimmera leadership plan through the rural leadership program. We received \$50 000 through the Department of State and Regional Development, and we have just been given \$176 000 from the federal government to initiate that program. That means we have \$236 000 to implement the Wimmera leadership program, which we will do over the next few months.

Mr BEST — Have you looked at the Lead On program at Bendigo?

Mr SABIEN — Yes.

Mr BEST — Is your program based on some of the principles in that program?

Mr SABIEN — Yes. It is based on both business and community leadership programs, which is somewhat unique.

Mr BEST — I hope it is as successful here as it has been in Bendigo.

Mr SABIEN — For the past three years we have been looking for state and federal funding for our leadership program, and we have been lucky enough to have received that funding recently. They are the three actions we have taken from that forum held last year in Horsham. The other projects will be implemented over a period.

It is interesting to note that on page 8, under 'Reposition and reshape the regional image', that project was felt by all local governments and organisations in the region to be important and needed to be addressed first. The perception or image of the Wimmera being flat, dry, hot and dusty is portrayed. We are looking at that project to show the region and those outside the region how smart and entrepreneurial the region is. As an example, we are using the market approach that the Boort area has taken by calling itself the new Mediterranean; it puts a new slant on the whole region. We are looking at taking some elements of that and developing it for this region as well.

Mr BEST — You raise an excellent point in this document when you identify the issue as being the perception that because the population is in decline there is a downturn in economic activity. In fact, one of the things that has been an enormous frustration to me is that two of the areas I represent — Bendigo and Mildura — have been roaring along, yet it is correct to say that there are some small towns in the middle that have been in decline; at the same time, population areas such as Boort, Kerang, Swan Hill and all the way through to Mildura have been booming. I congratulate you on the way you are positioning the Wimmera. My question is tied to the labour market. While you have identified shortages of skilled labour, how is council and how are the education sectors working with you to identify career paths and the message that there is a future for young people in Horsham?

Mr SABIEN — I can answer that question through the work we are doing with Workco. We have held four forums: one with each of local government, industry, community groups, and young people. We are to hold another forum on 5 September with all the VET and career teachers, to give them a snapshot of the skill shortages we have identified in the region and asking them to say what they regard as the issues behind those shortages. It is interesting to note that a number of issues raised by local government have not been raised by industry; and community groups have raised issues not raised by local government. As a result of the five forums we will be addressing the top five or six issues — issues such as child-care facilities, and the shortage of housing in Horsham and Nhill. As I am sure the committee will hear tomorrow, Hindmarsh Shire Council has just developed a 16-lot housing estate to try to overcome that problem. Horsham has put in place a self-help, self-build program that it copied from Echuca.

On issues such as child care, throughout the region Wimmera Uniting Care is providing child-care facilities that were not available in the past. The industry has talked about the infrastructure within areas such as Horsham to try to attract young professionals from interstate or other regional centres. It is not just the attraction strategy but the retention strategy that is important.

Horsham has just developed a newcomers club. Such a facility helps bring new residents together and helps them find the networks within an area so they will stay. It is easy for newcomers to come to a town, but often they stick together and do not migrate into the establishment. The club is one way of helping people integrate into the community. The work we have done so far is pointing out that there are many issues over a period of time such as, certainly, in industry, which has not been providing career paths for people within its organisations to keep people here. It has not necessarily been paying attractive wages or putting on apprentices and trainees.

Mr BEST — It is part of educating businesses also to build the capacity within their own work force.

Mr SABIEN — Yes, these are the issues which are coming through very long and loud to us. We have to provide that information back to the stakeholders to then say that these are the five or six points we need to work on as a region to help address this skill shortage. One of the issues is having a package of information that is available to prospective employees to the region, something that we can send out to them. Whether that is further developed into what Geelong and Ballarat have done in attracting people with voucher systems to help in relocation is something the region will address in the future as well.

Mr BEST — For the record, what is your annual budget and how many people do you employ?

Mr SABIEN — Our budget is \$250 000. That is our administrative budget. We employ myself, half a receptionist and a project manager three days a week, and that provides the basis of our organisation. We probably bring in close to \$750 000 in funding from other sources such as the state and federal governments through funded projects.

Mr BEST — Can you remember what your budget and staff would have been six years ago?

Mr SABIEN — I have only been with the organisation for 18 months. I would have to say that the state government was putting in \$60 000 to each of these development organisations, and with that taken away from us we have had to rely on a private contribution to help us there. I would have thought our budget was probably around about \$200 000.

The CHAIRMAN — I would like to recognise and say that I am pleased to see the local member, Hugh Delahunty, with us today, as he was last time we met in Horsham. It is good to see him here.

Mrs COOTE — I would like to add to my colleagues' comments in congratulating you. I think the presentation is terrific. I certainly like the logo, I think it is excellent. That shows a very good window to the people you are trying to encourage. I have read this briefly and would like to read it further tonight. I am interested in the Murtoa case particularly. I think some of the things you have spoken about like child care and a number of those other issues presumably affect some of those smaller towns as well. I notice in item 7 on page 14 you speak about an updated Murtoa small towns study, but you have also chosen on the issue of supporting young people to look at where they went. I think it is an excellent initiative to see where they have gone to and whether you could attract them back. Presumably you have chosen Murtoa because it is reflective of some of the other towns in the area. Are you finding any surprises that we could look at for these smaller towns that are directly related to small towns over and above some centres such as Horsham?

Mr SABIEN — I will certainly provide the report on Murtoa to the committee. Murtoa was looked at as one of the five small towns in a Department of Rural Affairs study back in 1988. We revisited Murtoa because over that period of time it has gone through lots of changes. The Rural Water Corporation had a large office there, the SEC, the PMG et cetera. We have looked at the employment by industry sector back in 1988 and now, and we have interviewed half of the people interviewed in 1988, and the other half was a new group.

We see that there is a greater expectation that Murtoa will grow and prosper than there was in 1988, because they had been put through a crisis with those government instrumentalities leaving Murtoa but new businesses have developed around Murtoa with the grain industry and a furniture industry. It has gone from very much a government-reliant town to a broad-based organisation. That has effectively been done through some community-driven people in that town. They have attracted some small businesses and have expanded so the basis is a lot broader. It really gets back to community leadership within that town that has provided the impetus for those businesses to set up in Murtoa and further develop.

Mr BEST — Including the local member at the time, who happened to be a Murtoa man.

Mr SABIEN — That is right. It is the local people buying some of those businesses such as the supermarket in Murtoa. There the people wanted to retire or sell out, and a cooperative was developed with six or eight people putting their money in, they bought the supermarket and raised the activity level and now it has been taken over again. The town did not want to lose an essential service such as a supermarket and banded together to buy it.

Mrs COOTE — Like a community bank?

Mr SABIEN — Yes, like a community bank.

Mrs COOTE — So it is a good blueprint for some of the other towns you are dealing with?

Mr SABIEN — Yes.

Mr THEOPHANOUS — I am trying to get a handle on this. You mentioned that you get funding from the federal government and the state government. Where is your own funding sourced from?

Mr SABIEN — Our base funding comes from the four shires of the Wimmera region — Horsham, Hindmarsh, which is based in Nhill, Yarriambiack shire, based in Warracknabeal, and the West Wimmera shire, which is based in Edenhope. They provide a per capita amount to the association, and we also have a patron, which is ACE Radio Broadcasters.

Mr THEOPHANOUS — So essentially you are contracted by the local councils with some supplementary funding from state and federal sources?

Mr SABIEN — The state and federal governments provide money through specific projects. If we put in a bid for a project through the regional assistance program or regional solutions we fund those projects through those sources.

Mr THEOPHANOUS — Is this a recent production over the past 12 months? Is it up to date?

Mr SABIEN — It is June 2001. This stage of the project started in August of last year.

Mr THEOPHANOUS — Just in general terms, we certainly see this as a very good start, but there is probably quite a bit to do. Is there an air of optimism in this area?

Mr SABIEN — Yes, there is. I am sure that you will see that when you visit the others shires. There is an air of optimism in the region.

Mr THEOPHANOUS — What do you put that down to?

Mr SABIEN — I put it down to the region helping itself and getting off its backside and being entrepreneurial. If you look at the grains industry we have here, I will talk about that in the next session but we are looking at the young entrepreneurs in the grain industry who have developed those businesses from scratch. We are exporting hundred of thousands of tonnes of product each year. They were commodities in the past, and they are now value-added products. There is an air of optimism there. Also, the communities such as Rupanyup and Minyip and the development of the community bank has been a fantastic model.

Mr CRAIGE — What year was the bank opened?

Mr SABIEN — The bank was opened in 1999.

Mr BEST — No, earlier than that.

The CHAIRMAN — I think 1998.

Mr BEST — One point I wanted to make is that this capacity building has not occurred just over the past 18 months. It has been over 10 years or maybe even longer that the community has been getting a grip on where it wants to be in the whole of the state and setting out and making it happen.

Mr SABIEN — I would have to say that a regional approach is what certainly helped this region. I am not just saying that because I am in the organisation that is that regional body, but our perspective is the region, not just individual shires and towns within those shires, and that does help. We have taken a strategic approach to the

region. Also it is the community leaders we have. You will meet some tomorrow, such as the John Millingtons from Luv-A-Duck, the John Smiths from the West Wimmera Health Service, the community leaders we have in Horsham. They are the ones who are making the difference in the region. It is also the drive local government is giving in support of those businesses. The region has not waited for governments to come in on their white horses with a bucket of money for them; they have done it themselves.

The CHAIRMAN — That is a credit to the region.

Mr SABIEN — That has been the big plus for this region.

Mr THEOPHANOUS — I have briefly looked at this, and I think you have a huge tourist potential which is yet to be exploited. I do not know whether this project on its own is going to be enough to do that.

Mr SABIEN — With another hat on I chair Grampians Marketing Inc., which is the regional tourism body for this product region. We are going through quite a major restructure to exploit the tourism potential with the help of Tourism Victoria.

Mr THEOPHANOUS — Do you think things like the extension of the rail service will assist the tourism industry in this region?

Mr SABIEN — It will certainly help with attracting people to certain events in the region.

Witness withdrew.

CORRECTED VERSION

ECONOMIC DEVELOPMENT COMMITTEE

Inquiry into structural changes in Victorian economy

Horsham – 27 August 2001

Members

Mr R. A. Best
Mrs A. Coote
Mr G. R. Craige
Ms K. Darveniza

Mr N. B. Lucas
Mr J. M. McQuilten
Mr T. C. Theophanous

Chairman: Mr N. B. Lucas
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Research Officer: Ms K. Ellingford

Witness

Mr G. Pilgrim, Managing Director, Australian Mower Company.

The CHAIRMAN — Welcome. All evidence taken by this committee, including submissions, is subject to parliamentary privilege and is granted immunity from judicial review pursuant to the Constitution Act and the Parliamentary Committees Act. I invite you to make an opening statement to us, and then we might ask some questions. I understand you are talking to us on both the issues that we have before us. For the sake of the Hansard record we need to keep them entirely separate, so we will talk first about the structural reform.

Mr PILGRIM — The Australian Mower Company started eight years ago. I bought the rights to a mower which we subsequently found out was not very good and did not meet Australian standards by a long shot, so we set about developing our own range of mowers. We only produce ride-on mowers, nothing else. We started producing quite a few models trying to satisfy a large portion of the industry and found out you could not produce enough numbers and do it economically, so we cut back to one model, which has now been increased to three. We basically produce one model of mower, and we try to produce quite a lot of them. We are in competition with a lot of mainly American makes, which have huge economies of scale, and three major Australian manufacturers. We employ about 22 people, although that varies a little. We are a seasonal industry, and we suffer from some labour shortages at times and at other times we have excesses of labour. We sell through dealerships throughout Australia. We have 220 Australian dealers, nearly all of which are mower shops. We do not retail out the door. We are about to enter the New Zealand market after quite a lot of hassles and false alarms. That is a bit of our history.

Being in the country we probably we have a few advantages but also a few disadvantages. One of the main advantages is stability in the quality of labour. We seem to get good quality labour and with the stability of the labour we can usually keep good people, but we suffer quite a lot mainly from a freight disadvantage. Most things we purchase come from Melbourne, and there is a freight cost to get it up here and to return it. To go through a few of the things on the structural changes, as far as banking and the communications go we do not have any problems with those. Communications are good. I realise that the banking is a problem in some of the smaller centres, but it is not a problem in a town of this size.

The changes to municipal services have decimated some of the smaller towns. Only eight years ago I came from a progressive smaller town not far from here. Then it had everything, but now it is subsidising many of the towns it has been amalgamated with. It has no leadership in the town; it has no body with any muscle or resources. When I go back to Donald — I was brought up there and have a lot of friends there — I think what is happening there as a result of amalgamations is tragic. It has not made much difference to Horsham, but it has altered the lawnmower market to some extent because municipalities have been amalgamated and the work is being subcontracted to private operators. They work on a different system to the way the municipalities have worked. It has altered the market. They are more price conscious and buy different sorts of mowers. We have to adjust to that.

As to public transport, we send a lot of mowers all over the country with V/Line. We were told that the service, once privatised — I think it is now called Freight Australia — provided fantastic service but once it went private the company would not insure the freight. Quite a lot of product gets damaged because ride-on mowers are not easy to transport, but there is no comeback on anyone. It is a real problem and a major concern for us. A lot of the private freight companies are no better and are very expensive. We get a great door-to-door service with Freight Australia.

Mr CRAIGE — It is cheaper than by road?

Mr PILGRIM — They pick up by road from our door and take it to the railhead.

Mr CRAIGE — Where?

Mr PILGRIM — Horsham. It goes by rail container to Melbourne. If it has to go interstate it is subcontracted to other people. When it goes to Brisbane, for example, it mainly travels by Q-Link. That is another problem: you do not know who handles it because by the time it gets to Queensland it has gone through about five contract organisations.

Mr CRAIGE — What is the price differential by road to Melbourne and road-rail to Melbourne? Is rail cheaper?

Mr PILGRIM — Much cheaper. Our product is picked up from our door and travels to anybody living in metropolitan Melbourne, door to door, for about \$54 a unit — and a unit is bigger than a normal pallet. That is reasonably priced.

Mr CRAIGE — Road would be costing you more than \$150?

Mr PILGRIM — Probably. Freight to any major centres such as Ballarat, Bendigo or Wodonga costs just over \$60 and to any other town serviced by rail it costs about \$70. But once it has to travel interstate it becomes very expensive because it goes through other subcontractors. The private companies, Comet and other express freight companies, charge probably double the cost by rail.

The CHAIRMAN — Do you have any more comments to make on structural reform?

Mr PILGRIM — Yes. When I started eight years ago we used the Commonwealth Employment Service (CES) but did not have much success because they tended more to try to get people off their books rather than getting the best people for our jobs. Although we deal with the private companies now there is still a tendency for the procedure to be subsidy driven. As I said, I used to advertise for people through the CES but now I do it myself. I use my private address and sift through any applications because I do not think CES was sending us the best candidates to interview; I think they sent us candidates for whom they got the most subsidy. How do you overcome that? I suppose a government body should be better able to do that because it should be neutral and not influenced by those financial constraints. I have been talking to a couple of other employers in the town. They feel the same, that they will not advertise through the private employment agencies because the agencies seem to be driven by the subsidy an applicant will attract rather than by the best person for the job.

Mr BEST — You do not think it is about a shortage in the available work force?

Mr PILGRIM — No. When you do it yourself you get the full spectrum among those who apply. I have heard it from other people also, that you get a better class of applicant. The employment agencies normally short list them, but I do not think the list they give you always has the best applicants.

Mr CRAIGE — I hear what you say about the subsidy — you say the process was subsidy driven — but are you now saying they do not give you the candidates following a sifting process? Is it a combination of the both, not one or the other? The subsidy would not drive it, surely?

Mr PILGRIM — They are more interested in placing somebody in my employment who attracts the biggest subsidy for them rather than sending me the best candidate. In a lot of cases the best candidate will not attract any subsidy; it is the person who is already employed, who has a job but is dissatisfied with the conditions or has had a blue with the boss, and wants a change of employment. He or she would not attract the subsidy.

Mr BEST — You said you are a former resident of Donald. What made you shift to Horsham?

Mr PILGRIM — I sold the farm. There was an opportunity here to buy the rights of the mower. The person who had the rights had them for a while. He sold the rights but then got them back because he had not been paid for the rights. We thought it would be a good opportunity; it looked like a good mower and I was interested in manufacturing. I thought, 'This is an opportunity, I'll give it a go'.

Mr BEST — As a former rural producer you looked to a regional centre for a business opportunity?

Mr PILGRIM — Yes. Also, attractive packages were being offered by the Buloke shire to set up over there.

Mr BEST — I know how Pickles — that is, Graeme Harris, the development officer at Buloke shire — works.

Mr PILGRIM — The services are not available and the freight companies are not over there, plus the employment situation.

Mr BEST — That is the line I would like to pursue. It is the dilemma we, as decision-makers, face. The infrastructure provided here and the access to a work force provides better opportunities in a commercial sense than in a small town where you have a limited work force or a lack of a speciality work force to establish there.

Mr PILGRIM — I have a partner who owns a big manufacturing business with branches in St Arnaud and Ballarat. He is definite that we can attract a better class of employee here than in either of those two places. I do not know why that is. Well, it is obvious why it is as far as St Arnaud is concerned, but I do not know why it is concerning Ballarat.

Mr BEST — I think because I know John personally I know it was again a business opportunity of getting to a larger regional centre, flexibility in work force, land and a whole range of different services. As you can see,

the decision you have made is based on commercial opportunities for yourself, and that is absolutely appropriate. The dilemma we face as legislators is that we have a range of small towns which cannot compete with our regional centres. It is a boom-and-bust mentality, because here it is very vibrant and very progressive, and it competes well with the Ballarats and Bendigos. For the smaller towns in between there is somewhat of a difficulty in being able to compete.

Mr PILGRIM — It is at their expense.

Mr BEST — But your right should be the right to make a commercial decision.

Mr PILGRIM — That is right.

Mr CRAIGE — Wouldn't it be unrealistic to expect governments to redirect their emphasis to supporting the infrastructure that would make you stay or grow in those smaller towns? The dilemma is that we say we should try to make things a lot better in Horsham and improve things in the major towns, but realistically to try to provide that to every small and medium-sized town in rural Victoria is a very difficult ask.

Mr PILGRIM — Yes. It is interesting that a lot of these rural towns have the infrastructure that can handle it. You come here and there is all this development, but it is at a cost with all the services, whereas a lot of the small towns have all the infrastructure needed, they only need to put up a shed because the sewerage and water systems are all in place. There is really no decentralisation policy as such where there are incentives to go to these towns. Everybody looks to government for a free handout, and government cannot be there all the time. When we look at our exporting, there is a real disadvantage being here as far as freight goes. I suppose all rural-based people who do not market locally have this freight disadvantage because the majority of people live in Melbourne.

The CHAIRMAN — For the record we will now move onto the export reference.

Committee adjourned.