

# Parliamentary inquiry into the Murray-Darling Basin Plan

## Social and Economic perspective

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### Introduction

In a global world, we need to be economically competitive. We need to balance that with the need to build social capital for all, and to manage and live in a sustainable environment. Governments are challenged to balance these imperatives and the jostling agendas that they bring with them.

## Potential Risk Summary

We know from social research theory that those most at risk often have multiple issues to do with family background, cultural aspirations, health and welfare, emotional and mental health factors and that **these all impact on the potential to learn.**

We understand that the **long-term productivity and sustainability** of the Murray-Darling Basin is under threat from over-allocated water resources, salinity and climate change, and that **tensions exist between production-orientated activities and environmental needs.**

### Multiplier effects

The multiplier effects resulting from reduced farm production on factory employment, the transport industry, local businesses and the community in general will be significant. Job losses result in family stress and mental health issues.

It is critical to **consider the human impact of any proposed changes** to water allocations in the short, medium and long term, because any changes will have a **domino effect** across the whole community, particularly in regard to:

- **Viability of current farming** and production practices that may lead to economic and social issues compounding for rural families
- **Mental health of rural families** and their communities who will be considering their future aspirations, opportunities, financial situation and capabilities and the way forward in general
- **Challenges for smaller towns** and communities typified by an ageing workforce and changes in rural demographics, including declining populations exacerbated by youth migration to the larger centres, reducing local services, and loss of history.
- **Viability of small schools** in rural areas with potentially reduced enrolments and community contribution and reduced school spirit and general health and wellbeing
- **Impact on employment opportunities** in rural production areas including: apprenticeships and traineeships, and unskilled and skilled labour market placements
- **Impact on rural business and industry**, both directly with potentially reduced capability using current practices, and indirectly through reduced cash flow and spending capability in retail, services, tourism, and general consumer goods including farming equipment, supplies and services.

- **Impact on employment opportunities** for migrant and refugee, indigenous and low SES groups, groups that traditionally have higher employment in farming and factory work.
- **Increased unemployment and increased numbers of people on benefits**
- **Educational aspirations of young people** in rural and regional areas influenced by intergenerational experiences and perceptions, hardships caused by long term drought and floods, locust plagues, access and equity issues regarding availability of training and transport options
- Potential for those **young people at risk to become more at risk, and for their life aspirations to become reduced, influenced by increased family hardship**

#### **The dollar cost of disengaged young people**

- There is considerable evidence that clearly links unemployment, poor health, relationship breakdown and prison with non completion of secondary school, lack of qualifications and difficulty with basic numeracy and literacy in Australia and in other developed countries.
- The overall cost to our communities due to disadvantage is estimated at \$2.6 billion every year.
- “Failure to broaden and strengthen the education and training outcomes for young people will weaken our economic future as well as weaken a social fabric that is based upon principles of social justice” (Kirby Report 2000)

#### **The cost benefits of increased education levels are:**

- building social capital and equity inclusiveness
- improved labour market productivity
- technological innovations; economic
- organizational and individual flexibility
- enhanced investment opportunities

Some of the factors that stand out in the North Eastern Victoria area include:

- A heavy reliance on employment in Manufacturing and Retail Trade.
- A high proportion of the population of North Eastern Victoria are in receipt of Centrelink benefits: more than one in five persons (22 per cent) of the working age population (WAP)
- Relatively low levels of educational attainment.

## **Planning for change**

**We argue that the proposed changes to water allocation (the life force of the region's primary producers) could work against the COAG social inclusion and educational attainment goals if not managed very carefully.**

**Full consideration must be given to the short, medium and long term projected impacts of any water reduction to producers** who have been contending with a range of rural issues including drought, bushfire, industry realignments, sustainability of water, use of recycled water issues, and more recently, widespread floods. Parts of the region have experienced drought conditions for a number of years, other parts of the region have experienced bushfire, or hail or frost, while the entire region, in common with other parts of Victoria, is dealing with climate change, land care, biodiversity and water management issues.

There is no doubt the drought and the floods have had a huge impact upon industry, enterprise and community throughout the whole of Victoria and indeed also across the country. It is farmers who feel the initial affects of the natural disasters as their stock and crops decrease significantly. Their income is severely reduced, and in turn this affects their spending ability in the local communities. Any additional reductions in water allocations are likely to pose great psychological and physical challenges to a sector already highly stressed.

### **Social Health implications of the discussion around water and climate change**

"The evidence is quite clear that there is a significant need to ensure all communications to the community in relation to the redistribution of water or any natural resource must be done in a process that is as conciliatory as possible.

The Primary Healthcare sector has seen that the extended drought conditions that the local communities have endured have made the community fragile. The need for services to be directed towards nontraditional recipients of counselling has stretched the sector well beyond its capacity. The prevalence of mental health issues has never been higher in regional communities and resourcing of services to build resilience within our communities has not matched demand.

The added burden of farming communities needing to deal with the process of changes to their access to water will/has caused a number of mental health issues to resurface in a more significant manner.

Any changes must be done with the consultation of the primary health sector to ensure they are prepared to assist the local community deal with the anxiety this issue causes. If changes are made to water access, funding must be allocated to assist the local primary health sector offer counselling services and community development to counter the impact. At least Primary Health providers need to be consulted on what and when decisions are being made so that they can make themselves available to the community to help mitigate the risk of further mental health issues evolving when they receive communication about any changes that may occur”.

*Primary Care Partnerships CEO, Sam Campi*

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## **Social Inclusion rationale**

### **Setting the scene:**

- New century = new economic and social demands
- Rapid change
- Global forces – expanding world economy
- Exponential developments in technology
- Future prosperity & well-being linked to high levels of general education = good start to lifelong learning

The Social Inclusion principles and the COAG reform agenda are priorities for this government, perhaps as never before, to broaden access and increased support for low - income earners. Strengthening the framework of opportunities for children from poorer and less educated families is essential, because we will need every one of our young people to advance our nation’s economy in a global world.

We know through research that underachievement and low or no qualifications sentences a person to a lifetime of poorer outcomes and welfare dependency. This becomes an economic issue for countries as well as a cultural and ethical issue. The reality is that disadvantaged groups often have a suite of barriers to be addressed, including intergenerational unemployment, low aspirations, poorer retention rates, and lower academic achievement.

Challenges of an ageing population, decline in population size, shifting industry bases and the resultant obsolete skill base of older workers is not unique to Australia. However, these challenges require an **increasing reliance on young people with the appropriate skills and orientation** to contribute to the nation's economy, enabling nations to be competitive players in the global marketplace. **The challenge is to encourage higher levels of qualification completion in order to maintain a competitive advantage** in the world markets, and **also to address the poverty and poorer completion rates** of the most disadvantaged groups.

With **higher university deferral rates** in rural and regional areas, there are many more students flooding the labour market targeting full time employment. Local employers say that the deferrers are competing for the jobs that would have gone to young people who had no intention of going to university anyway. These "other" rural young people are often left working below their potential, in part time, temporary, casual or seasonal employment.

This only creates further unemployment and disadvantage in rural areas for the most disadvantaged groups.

Recent studies on rural students have revealed:

- A trend of increasing regional disadvantage
- A pattern of rising rates of deferral (at least 2 and a half times greater than in the city)
- Approximately three in 10 (30.1%) do not take up a place at university after one year
- Deferrers from regional areas less likely to take up a university place than others
- Financial barriers remained prominent among the reasons given by young people for having not taken up a place in education or training
- Students working long hours while at university were more likely to have dropped out of their course

#### **The sentence for underachievement**

- We also know that underachievement and low or no qualifications sentences a person to a lifetime of poorer outcomes and welfare dependency, which becomes an economic issue for nations, as well as a cultural and ethical issue. "Across the OECD nearly one in three adults (30%) have only primary or lower secondary education – a real disadvantage in terms of employment and life chances" (OECD 2007)

### **Retention in school rationale**

Australia needs a skilled workforce to take her competitively into the future, ensuring economic growth and global competitiveness, and thus better living standards for more of her populace. Retention and engagement in education is a worthy goal in itself, but it is also critical for Australia as a nation. We will be increasingly relying on all of our young people to be the innovative, educated, engaged members of Australia's wider society, contributing in both the workforce and in civic society. So, while retention in school is a goal, supporting all young people as they transition from education and training to employment and become productive members of society with appropriate qualifications and experience is the broader goal.

### **Part time and Casual Employment**

The retail sector is particularly important to young people, as it requires many casual and part time staff. This type of work is suitable for people with limited work experience; in fact many people begin their working life in the retail trade and service industries that include accommodation, cafe and restaurant sectors. Businesses in these sectors typically require extra staff during busy holiday periods.

The number of people in employment varies throughout the year due to seasonal variations such as:

- Seasonal work such as fruit picking
- Retail peaks leading up to Christmas, and
- Young people entering the workforce for the first time as they complete their education and training.

In the last ten years, the percentage of people employed in part time and casual work has increased. A contributing factor has been the growth in those sectors of the economy that most significantly demands a part time and casual workforce. These sectors include service industries and this type of work usually requires on the job training and is often taken up by young people while they pursue other pathways.

The environment in which young people look for their first job has changed over the last ten years. The "casualisation" of today's workforce presents less full time job opportunities. In today's environment those available jobs often require post school qualifications. An increasing number of young people are working part time while studying full time. If part time work was all they could obtain then they may

have chosen to study to increase their chances of work. On the other hand, full time students choose to work to support their living expenses.

### **Raising attainment in schools**

To raise attainment either in school or through alternative programs in the Vocational Education and Training sector implies a greater **focus on the economic incentives** to successful learning and qualification achievement. These are strong for high achievers, but weak for low achievers.

They include access to full-time work, a reliable training pathway, structured workplace learning opportunities, flexibly delivered programs that accommodate working hours, manageable tuition costs and charges, and physical accessibility. Without valuable and perceptible economic benefits, there is less incentive for young people to complete school or to undertake alternative programs if they leave school early. (MYCEETYA 2006) “Vocational education is the single most important avenue for creating learning incentives and for raising achievement” (OECD 2007). This is particularly important for learners whose aspirations differ from the traditional academic pathway.

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### **Industry challenge rationale**

**Australian industry faces many challenges** and opportunities in the years ahead in responding to the rapidly changing dynamics of global competition.

New pressures from emerging industrial giants, such as China, the rebalancing of our currency, climate change, the push towards global outsourcing, the introduction of the US Free Trade Agreement, and the erosion of Australia’s traditional export markets mean that dynamic and world competitive industries need a highly skilled workplace to remain competitive. Australian industry as a whole will **need to work smarter, become more innovative, and more knowledge intensive.**

The Ai Group study *Industry in the Regions 2004* concluded that regional industry is increasingly looking to global markets to grow and prosper in the 21st century. Global engagement is seen as a means of overcoming the significant disadvantages of smaller local markets, providing wealth for regional economies and creating a foundation for sustainable jobs and growth.

### **Ageing Workforce**

In 2003, 3.2million people employed in the national labour force were aged between 45 and 64, a figure representing 32% of all employed people, up from 24% in 1983.

Currently, the Australian workforce increases by 170,000 per year. For the entire decade of the 2020s, growth is predicted as 125,000.

As a result, the labour force is set to experience severe upset due to increased shortages across all industries. Several major industries have been identified as being affected by an ageing workforce – Education, Agriculture/Forestry/Fishing, Health and Community Services, Electricity/Gas/Water supply, Transport and storage.

### **Rural economy**

The Goulburn Valley has a strong rural economy based on dairying and horticultural production and irrigated and dry land agriculture, grazing, viticulture and forestry. Strathbogie Shire has a significant equine industry.

### **Processing industries vulnerable**

Around **25% of the total value of Victoria's agricultural production** is generated in Goulburn Valley, with an estimated output value in the vicinity of **\$2.5 billion**.

Greater Shepparton's largest industries include dairy, manufacturing, road transport, orchards and other areas of agriculture such as viticulture and tomato industries. The strength of these industries is recognizable when you see the calibre of organizations that exist within the Greater Shepparton- SPC Ardmona, Tatura Milk Industries, Unifoods-Rosella, Snowbrand, and Campbell's Soups are continually expanding their operations.

The five largest major industry sectors for Greater Shepparton are either larger than the regional Victorian average or consistent with it.

The large **fruit and vegetable processing industries generate \$1.7 billion annually**, and provide significant employment in the region.

A shrinking rural workforce and population decrease in smaller rural communities is occurring, alongside strong growth in the larger towns of Shepparton, Echuca, Cobram, Numurkah, Nagambie and Avenel.

Young adults are underrepresented in the population profile.

The dairy industry is vulnerable, suffering from prolonged drought, reduced water security, increasing fuel prices and recovery from the global economic downturn.

### **Paradigm Shifts**

In parallel with these pressures are a whole set of paradigm shifts which are impacting significantly on the structure and operation of industry including: new patterns of employment, new kinds of work and work organization, and new ideas concerning skills, knowledge and learning.

**The New Economy** is knowledge and ideas-based economy where the keys to job creation and higher standards of living are innovative ideas and technology embedded in services and manufactured products. It encompasses the related concepts of the knowledge and knowledge based economy, information economy and information society.

### **Cultural Diversity**

A feature of the Goulburn Valley is its cultural diversity of population. Shepparton and Mooroopna area has the largest indigenous population in provincial Victoria. There are also large settlements along the Murray River and within the Moira and Campaspe local government areas.

Many second and third generation European migrants and the more recent first generation migrants from Africa, Asia and the Middle East have settled in the Shepparton – Mooroopna, Cobram and Kyabram areas and are employed in the food production and manufacturing industries.

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## **Attachment 1: Background information on LLENs**

LLENs receive funding from the Victorian Department of Education and Early Childhood Development (DEECD) and have a key role in the policy directions outlined in the Victorian Government's Blueprint for Education and Early Childhood Development (2008), including **improving transitions from school and facilitating partnerships between businesses and schools.**

*A Fairer Victoria*, the Victorian Government's long-term strategy to tackle disadvantage and increase opportunities for all Victorians specifically identifies LLENs and their partnerships as vital in **addressing skills needs and developing new opportunities for young people who are at risk of disengaging from education and training.**

**Retention and re-engagement of young people in education and training** are seen as imperative for the State of Victoria. Victoria is currently performing relatively better than the national average in terms of Year 12 completion; however, progress needs to be made in order to meet the target of 90 per cent of young people in Victoria completing Year 12 or its equivalent by 2010, which is outlined in *Growing Victoria Together: A Vision for Victoria to 2010 and Beyond* (DEECD, 2006). With the implementation of the COAG Agreement and the setting of the National Partnership Youth Transition and Attainment targets, Victoria's targets are 92.6% by 2015.

In addition, the COAGs National Indigenous Reform Agreement in 2009 established a national target to halve the gap for Indigenous students in attaining year 12 or its equivalent by 2020. (*National Indigenous Reform Agreement – Closing the Gap* (Council of Australian Governments 2008).

On the basis of the similarities between the two initiatives and in keeping with the principles outlined in the COAG agreed National Partnership on Youth Attainment and Transitions, the Commonwealth and the Victorian Governments (through the Department of Education, Employment and Workplace Relations, DEEWR, and Department of Education and Early Childhood Development, DEECD) have agreed that the Partnership Brokers role in Victoria will be delivered using existing LLEN geographic boundaries, through an enhancement of the LLEN initiative.

LLENs will improve connections with existing stakeholder groups across the identified groups to **develop strategic, whole-of-community approaches** that support young people’s learning and development. In turn, this work will also contribute to broader national objectives, including:

- Australian schooling promotes equity and excellence;
  - all young Australians become successful learners, confident and creative individuals, and active and informed citizens;
  - all young people gain the skills, understandings and connections, and have health and wellbeing outcomes to make successful life choices; and
  - all young people experiencing high levels of disadvantage including those from low SES backgrounds and Indigenous Australians (DEEWR 2009) will achieve improved education and transition outcomes
-