

Inquiry into the new Skilled Regional Visas

Rural Councils Victoria represents 37 rural councils in Victoria and welcomes the opportunity to make a submission to the Joint Standing Committee on Migration's *Inquiry into migration in regional Australia*. We believe that liveable, sustainable and prosperous rural communities are fundamental to the ongoing success of Victoria.

In 2018 RCV released the *Population Growth in Rural Victoria: Opportunities and Actions* report, drawing on research, analysis and consultation to set out the population challenges and opportunities facing rural Victoria. The report's analysis and findings has led to RCV advocating for a national population strategy and migration system that:

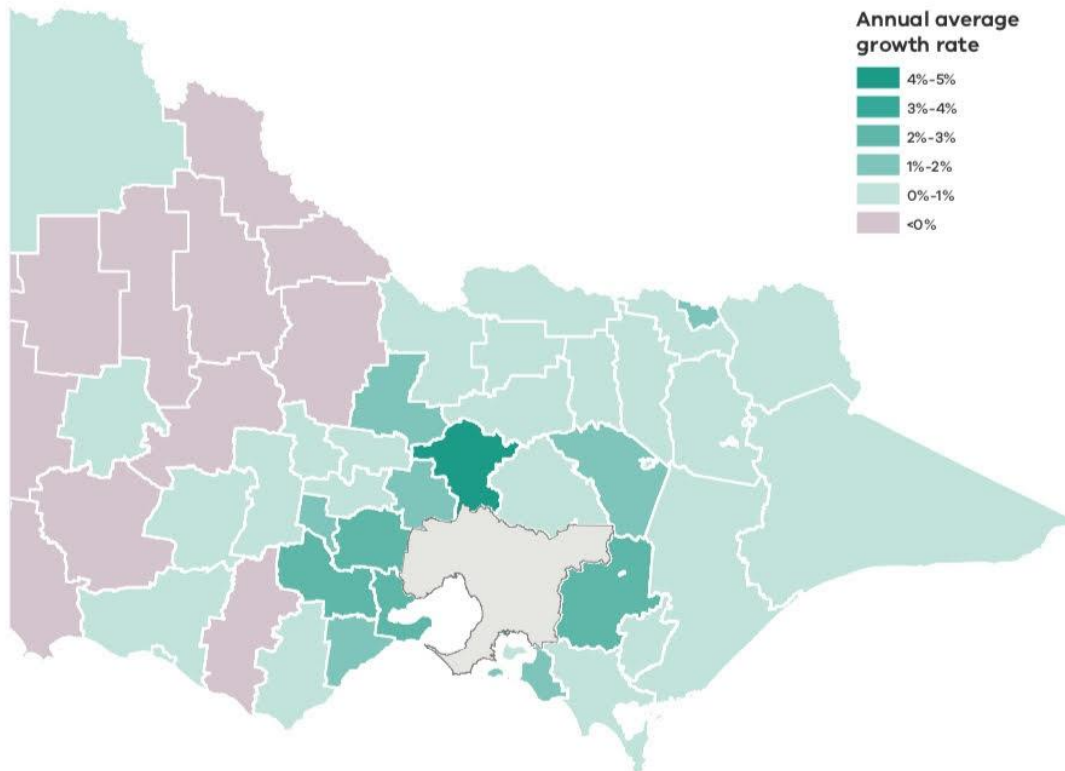
- Has targeted policies that focus on specific groups (e.g. students, skilled migrants) that meet the individual labour market, economic or community needs of specific areas and/or communities
- Takes a partnership approach, including all levels of government, institutions, public and private sector organisations, as well as members of the local community
- Provides the necessary integration and support for new international migrants to rural areas, including access to housing, education and training and community support and assistance.

RCV's research found that 80 per cent of rural Victorian Councils considered population attraction a very important issue. The stagnating or declining population experienced across parts of rural Victoria is not only posing a threat to many rural economies, but also inhibiting economic growth at a state and national level.

The population issue in rural Victoria

Population growth rates across RCV member councils are considerably lower than the state and metropolitan Melbourne averages. The current accelerated population growth experienced in metropolitan Melbourne is also serving to exacerbate the depopulation or low population growth occurring outside of metropolitan and regional city areas in Victoria. The latest Victorian Government population projections illustrate that the forecast State level population growth rate of 1.8 per cent per year is not expected to be distributed equally and certain local Government areas, particularly in western Victoria, will experience population declines over the coming decades.

Map 1: Annual average rate of population change, Regional Local Government Areas (LGA), 2018 to 2036



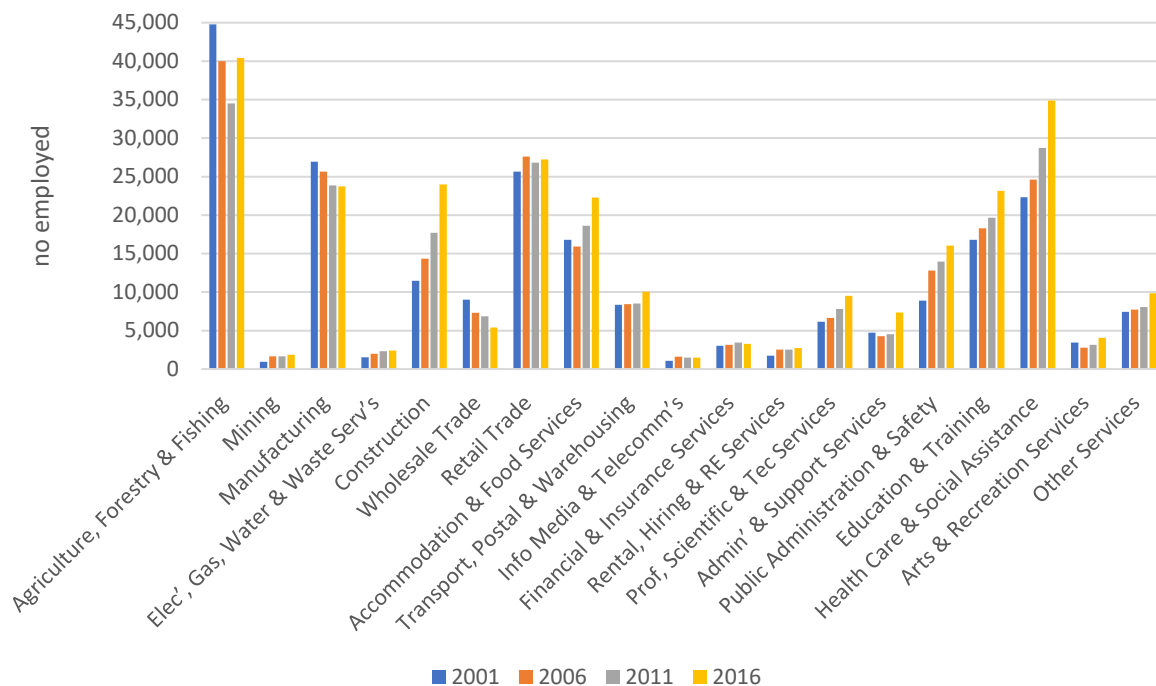
Source: Department of Environment, Land, Water and Planning *Victoria in Future 2019 Population Projections 2016 to 2056* (2019), p.5

The population of across much of rural Victoria is also an ageing one. While many rural LGAs have proportions of children and young people that are comparable to regional cities and suburbs across metropolitan Melbourne, the proportions of population within the key working age demographic of 20-50 years mostly declines in rural areas. This decline in working-age population is having a marked impact on the rural economy.

Impact of an ageing population on the rural workforce and economy

While the residential population growth across parts of rural Victoria has been low or even in decline, over recent years jobs growth has been strong. Employment in rural Victoria grew by 15 per cent between 2011 and 2016. This compares to only 3-4 per cent growth over the previous two Census periods. The 2016 Census data also shows employment in rural areas is shifting towards high levels of government services employment (e.g. health and education) while the numbers of workers in the previously strong industries of manufacturing and retail trade have stalled.

Chart 1: Employment by industry rural Victoria, 2001-2016



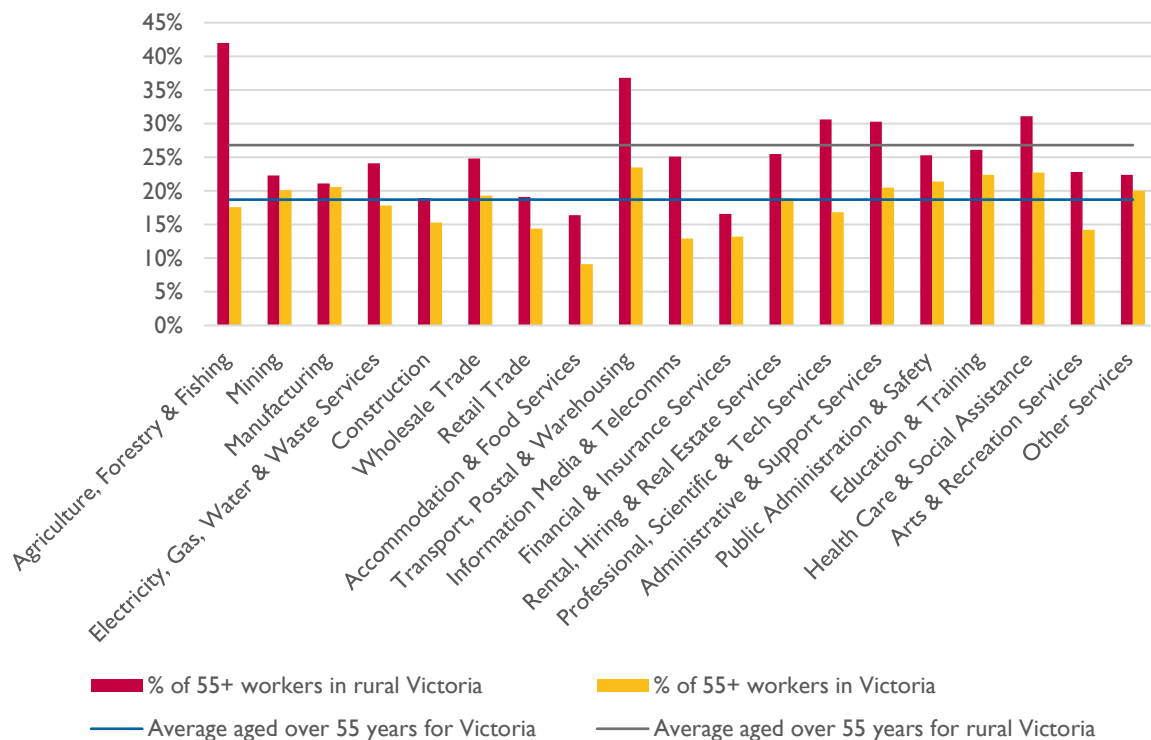
Source: [Dench McClean Carlson for RCV, Rural Workforce Development Plan \(2018\), p.15](#)

Agriculture accounts for 15 per cent of all rural Victorian employment, and grew between 2011 to 2016, reversing the decline experienced over the previous Census period. Even in rural LGAs that experienced population declines between 2011 and 2016, there were employment increases in at least one agricultural subsector.¹ The growth in agriculture employment has a flow on effect to other 'agribusiness'-related industries, including food manufacturing, transport and professional services.

The chart below shows the impact of the ageing workforce in rural Victoria. The key industries of Agriculture, Health Care and Social Assistance, together with the important agribusiness associated industries of Transport and Professional Services all have proportions of workers aged over 55 years that are well above not just the Victorian average, but also the rural Victorian average.

¹ [Dench McClean Carlson for RCV, Rural Workforce Development Plan \(2018\) p.13](#)

Chart 2: Proportion of workforce by industry aged over 55 years, 2016



Source: Dench McClean Carlson for RCV, *Rural Workforce Development Plan* (2018), p.26

The decline in working-age population is resulting in critical skills shortages and gaps, and existing businesses are constrained by this lack of labour. Opportunities for rural investment attraction are also being lost. This failure to meet economic potential is not only a loss for rural Victorian communities and economies, but for state-level and national economies.

Impact of declining population on liveability in rural areas

Research into drivers behind intrastate migration to regional or rural Victoria found 'liveability' to be a key drawcard, represented by factors such as friendly communities, affordable cost of living and good quality education and health services.² However these elements of liveability are hard for small rural towns to maintain when their populations are declining.

Rural townships with declining populations experience difficulties in achieving economies of scale and critical mass, and this in turn affects services delivery across both private and public sectors. A survey of rural residents completed recently on behalf of RCV found that 70 per cent of respondents would consider moving away from rural Victoria to improve their access to services, with supermarkets and

² [Urban Enterprise for RCV, *Services for Rural Liveability: Final Research Report* \(2019\) p.32](#)

primary health care centres identified as the most important services connected to liveability. Primary healthcare, along with other retail shops and banking, were also identified by the survey respondents as key services that have been recently lost or diminished in their local communities.³

³ [Urban Enterprise for RCV, *Services for Rural Liveability: Final Research Report* \(2019\) pp.25-26](#)

The way forward

A review of population attraction strategies undertaken at the local level for RCV found regions should not attempt to simply 'attract population' but implement targeted programs that reflect their different locational circumstances and challenges.

This includes considering specific market segments that are most likely to move to rural areas, such as professional workers interested in lifestyle changes, or workers who meet the skill requirements for industries experiencing labour shortages in certain locations. A small workforce increase in a rural town can make a big difference – research undertaken by RCV found that there is significantly greater economic impact in smaller townships for jobs created and lost compared with larger towns and regional centres.⁴

Population and migration policies should not seek to stem the flow of young people who leave rural areas in order to experience life in cities. Our research has shown people who grow up in regional and rural areas are most likely to return to live and work there later in their lives.⁵

However, it is important that young people in rural and regional areas are given the same educational opportunities as their city-based counterparts, including high-quality secondary education and access to higher education. In its recent review of the demand-driven university system, the Productivity Commission found rural and regional student with same ability as their metropolitan peers were less likely to go to university, and their participation in higher education had not improved over the last ten years.⁶ In Victoria, a series of reports published by [The Age](#) earlier in the year found an education gap exists between secondary students in regional and rural areas and those in metropolitan Melbourne.

Today's regional and rural students are most likely to become the intrastate migrants to regional and rural communities in the future so it is important that they have access to the best quality education possible. To that end RCV endorses the findings and recommendations made in the recently released *National Regional, Rural and Remote Tertiary Education Strategy* developed by the Regional Education Expert Advisory Group.

In terms of international migration, RCV supports the Government's *New Skilled Regional Visas (Consequential Amendments) Bill 2019* currently before Parliament that will expand the number of

⁴ [Crowe Horwath for RCV, *Economic Impact Assessment of the Creation and Retention of Rural Jobs* \(2019\) p.2](#)

⁵ [Urban Enterprise for RCV, *Population Growth in Rural Victoria: Opportunities and Actions* \(2018\) p.32](#)

⁶ Productivity Commission, *The Demand Driven University System: A Mixed Report Card* (2019), p. 16

skilled worker visas available for migrant workers to live and work in regional areas. However, any changes made at the Federal level to the migrant intake need to work in tandem with State and Local Government programs and initiatives that provide essential support services to new migrants and their communities. Sufficient funding from both state and federal levels of government needs to be provided for housing support, education and training services and community assistance programs.

RCV has identified the following factors as successful elements for regional and rural migration strategies:

- Initiatives that target a specific market e.g. students or skilled migrants
- Initiatives that encourage long term residency
- Financial incentives are best targeted to specific markets e.g. students, rather than general incentives alone
- Partnerships across a region work best. This includes all levels of government, institutions, private sector and local community.
- Integration of both intrastate and international migrants into the local community is the key to retention.

We look forward to following the Committee's activity for this Inquiry over the coming months. The research reports commissioned by RCV on Victoria's rural workforce, economy and communities reflects our objective to support and promote sustainable, liveable, prosperous rural communities, and can be found [here](#) on our [website](#).