

# CORRECTED VERSION

## RURAL AND REGIONAL COMMITTEE

### Inquiry into the opportunities for people to use telecommuting and e-business to work remotely in rural and regional Victoria

Horsham — 31 July 2013

#### Members

Mr D. Drum  
Mr G. Howard  
Mr A. Katos

Mr I. Trezise  
Mr P. Weller

Chair: Mr P. Weller  
Deputy Chair: Mr G. Howard

#### Staff

Executive Officer: Ms L. Topic  
Research Officer: Mr P. O'Brien

#### Witness

Mr C. Sudholz, owner, Fast Task Tools.

**The CHAIR** — Carl, welcome to the Victorian parliamentary Rural and Regional Committee's inquiry into the opportunities for people to use telecommuting and e-business to work remotely in rural and regional Victoria. I hereby advise that all evidence taken at this hearing is protected by parliamentary privilege as provided under relevant Australian law. I also advise that any comments made outside the hearing may not be afforded such privilege. Would you like questions as you go through your presentation or at the end?

**Mr SUDHOLZ** — I do not mind. I am happy for people to interject.

**The CHAIR** — All right. For the benefit of Hansard could you please give your name and address?

**Mr SUDHOLZ** — Carl Anton Sudholz. My business address is 62 Darlot Street, Horsham, Victoria.

**The CHAIR** — Over to you.

**Mr SUDHOLZ** — Thank you for the opportunity to come here today. I wanted to take a bit of a broad view about what is going on here and the type of work my colleagues and I are doing that is related to working remotely, telecommunications and e-business. I will start by telling a story of a friend of mine who actually works for you guys at the Department of Primary Industries, which is where I was working this time last year but have since left. I worked on the sustainable government initiative program, which I am sure you fellows are very familiar with.

Danielle runs the Victorian aspect of a national program at DPI that is being funded by the GRDC. She has had a big role in coordinating various parts of the research program on a national front. They have milestone deliverables that they have to deliver to Canberra, which is where the funders are. They said, 'No, we're not going to come to Canberra to present this. We just don't have the time and it's a big waste of resources. We're going to organise an online video conference to deliver our milestone reports to you'. They coordinated an online facilitated workshop. Danielle was in Victoria. She actually started the meeting in Melbourne and finished it in Ballarat. She coordinated with people in Toowoomba and Perth, and all at once they delivered this milestone report to Canberra. This project delivers really fantastic cutting-edge research work for the grains industry in these three states. The coordination is enabled by these broadband technologies.

Another friend of mine in Horsham runs a market research company. She does market research for a lot of people around here, particularly a lot of government and business work in the traditional market research guise. She collects a lot of information from that. She actually sends all that information to Canada, where her parent company employs statisticians who do the statistical analysis. She talks to those guys over the internet via Skype and similar technologies, as if she was in the room.

As for me, I am currently having my website rebuilt by a company in Canada that I contracted using online marketplaces so that I could acquire the best skill at the most effective price. Interestingly in that process I did not have a single Australian bid for my work; it was all international people — people from London, the US and India. I did not have a single Australian, which I thought was interesting and reflective of where we are at in Australia.

My point is that this is not about remote work; this is a fundamentally different way of going about business. The work that I do in my own business and the way I have constructed it is fundamentally different economics to operating in a production-based economy. This is truly an information economy. The information economy is here and it is here right now. People like me are operating this. This is not the ability to be able to leave the office and dial into home and talk to our colleagues — they do not need the office — this is about acquiring skills and talent outside without the need for geographic co-location.

**The CHAIR** — My question is, Carl: you have done it and we are not denying that what you are saying is right, But how do we get more people to take advantage of it?

**Mr SUDHOLZ** — I think three things need to go on. Danielle's story was an interesting one. The thing she had most trouble with in terms of being able to deliver these types of approaches and undertake business in this way was the people in Canberra. No offence, but Canberra people do not leave Canberra and Melbourne people do not leave Melbourne. I commend you guys for actually coming out here, but that is the reality.

**Mr HOWARD** — We are not Melbourne people.

**Mr SUDHOLZ** — No, you are not; you are regional people. You probably know what I mean. It is very much like that in government. Their cultural attitude is just not switched on to the fact that we do not actually have to be here. I fought tooth and nail in the department. I would just say to my senior bosses, ‘I’m not coming to your meeting. You can Skype it, or I am just not going to be there’. I actually did quite a lot of training and capability development within the department to teach people how to use some of these technologies. The technology arm, led by sound techs, actually did a pretty good job in being able to make these technologies available.

I am saying that the biggest problem we have is about culture and cultural attitudes. Cultural attitudes that say we cannot actually do business this way are really deeply embedded. I suppose government, big business and traditional businesses are very frightened. I do not know why, to tell you the truth.

**Mr TREZISE** — Is it cultural attitudes or generational attitudes?

**Mr SUDHOLZ** — I do not think it is generational, to tell you the truth. Maybe there is some generational stuff there, but it is certainly a cultural attitude in that the expectation is that we should just do business the way we have done business. We just cannot continue to go down that path. It is too expensive, it is too time consuming and it just does not operate that way. That is one thing. The way to get around that is to basically just tell stories and demonstrate to people that this is how things can be done.

The government’s role in that regard is to run workshops, like Small Business Victoria has run in this region and the last region, which say, ‘Look, here’s how you can use that thing’, and you actually pay people like me to deliver those workshops. My advice would be: do not get government people to do it, because my experience is that they are not really that switched on to what actually goes on. So there is that aspect of it. The way the information economy works is that there are some really big things going on here. There is a lot of change that needs to go on, and there are a lot of conversations that need to happen.

One of the fundamental things about the information economy, and the theories are still developing, is that things do not work the way they do in the traditional production-based economy. If you are operating an information business such as mine, labour and business process are not the key drivers of productivity; talent, creativity and adaptability are the key drivers of productivity in businesses like mine. Adaptability is particularly substantial, and it has very direct implications on workplace relations.

The reality is that in information businesses like mine safe, secure 9-to-5 jobs just do not exist. I am operating on a global scale. I want to be able to talk to people in the US, Canada and London. That means that at certain times of the night or at certain times in my business cycle I need to be up at 4 o’clock in the morning, so I do not come into work at 9 o’clock. I want to come into work at 3 o’clock in the morning and work through to 7 o’clock so I can catch the time frame of the people at the other end of the world who I am doing business with and link in with that type of thing.

It also means that the nature of the business is very fast moving; information work is very fast moving because of this thing about adaptability. Business improvement attitudes and theories fall over very quickly because the world moves on very quickly. It is very much driven by knowledge and technology. As I am sure you people know by now, it moves very quickly. That means jobs move very quickly. I cannot guarantee that I will want to employ someone with those skills for another 2 years, 5 years or 10 years. I need to make sure that those people I employ are actually moving with the times. Education, particular higher and adult education, is core to that adaptability story. For me to be able to move my workforce around and, when it comes down to it, hire and fire people easily is essential to my ability to be able to maintain productivity in my business.

The funny thing about that is that people who play this game know that. They do not hang around for jobs that long anyway. They move quickly, and that is what drives business productivity in the information economy. People move. They work on one project for one company and gain skills and knowledge in that, and then they transfer those skills and knowledge to another project in another area. It works very quickly. You get huge amounts of productivity growth via the sharing of knowledge when you work within this type of business. It allows you to keep ahead of the game. It allows you to compete in an international market.

There needs to be a whole shift in thinking in terms of that industrial relations conversation that is going on. It is very conservative. It is about protecting jobs and that type of thing. For businesses like mine that is not good; it is not going to work. I will do two things: I will never, ever employ someone full time and everyone will be on

contracts, or I will break up my work into contracts and farm it out into online things to Canada and the US or wherever I can get talent and skill. That is what it is really about — acquiring talent and skill when I need it for individual projects.

I might sign up a \$20 000 or \$30 000 project with the Victorian government, DPI or the GRDC knowing that there is six months of work to be able to deliver on that. I can break those projects down, farm them out, bring people in and move people along. For me to be able to drive that kind of productivity work I need to have the ability to quickly and easily move people on and change my workforce to suit. So that is it.

I have two points that I really want to drive home: the national broadband network and the fibre-to-the-home story are absolutely essential. If there is one thing the state government can do, it is that you just have to tell your federal colleagues that they have to get on board with the Labor policy and, if not, extend it. Fibre-to-the-home networks really drive this stuff. If I am working with the US. I do not want to have to come into the office to have high-speed access because my office happens to be closer to the node. I want to be able to do it from home where I have the fibre-to-the-home connection, so I can get up at 4 o'clock in the morning, pop on a suit for half an hour, then go back to bed.

That type of thing is just essential for my business right now. The fibre-to-the-home story is essential for us to be able to create productive businesses and services that are directly business related but also across all other sectors of the economy. It is about delivering services to the home, but it is also about enabling the home to be able to participate and not having those restrictions of saying, 'You can only get this specialist medical service at your hospital or at this particular regional centre'; and that is why it is so important for regional Australia — the fibre-to-the-home story — because it basically means that you could run any business that you can run in Melbourne from Horsham.

So the fibre to the home will see information businesses really take off. There is no doubt. Even if it costs \$200 billion to build, it will be insignificant to the growth that it sees over the life of the project. Wi-fi and all of that sort of thing shares in it, but what I say is that fibre to the home is to the information economy what coal-fired power in this state is to manufacturing; it is the backbone. Without it the information economy work will be severely limited. That is why it is so important. For anybody who has any technical knowledge, there is total consensus that the Labor policy is far superior, so please do that.

The other thing is that Victoria has a really wonderful opportunity to be the California of Asia. You only need to do one more thing over building the NBN — that is, to build high-speed rail networks that connect the regions to the city, because what a high-speed rail network will enable people like me to do is maintain full productivity of creativity, talent and knowledge while we actually do the physical movement around people, and the combination of those two will see massive growth of this economy. It will transform this state's economy from being basically a strongly manufacturing-based economy to a totally information-based economy.

The nature of the state is that we are relatively close together. We have a fairly high population and it is relatively centralised, so there is a great opportunity with those two things to be essentially the California of Asia. You will know how big California's economy is based out of Silicon Valley, and there is an opportunity for Victoria to do that with a bit of leadership and vision. Obviously that will cost a lot of money and take a lot of time, but that type of thing will really drive information businesses like mine and it will spill into all aspects of the economy and make Victorians move away from a manufacturing base, which obviously will be politically difficult to swallow, but that is essentially where it is going.

Back to the NBN, I will just finish on this point: essentially if the fibre-to-the-home story does not come about, businesses like mine will grow and leave. It is as simple as that. We will leave to go to places where there are fibre-to-the-home networks or we will go overseas to Silicon Valley, Singapore, Japan and these types of places that have far greater capacity to deliver services in the world. I could physically be in Japan and deliver services to here — the types of services that I do, which are all information based and helping people understand information, report writing, data management and that type of thing, particularly strongly focused in agriculture. That is my particular business. So that is the story.

I do have a couple of other points. You asked me, Paul, what the challenges are. One is about that cultural barrier. There are just simply not enough people like me who actually understand what is going on here and understand this thing called the information economy. It is here and now, and there is literature and a body of

work around that, and the drivers of the information economy and information-based economics are very different from manufacturing-based economics. The drivers are just very different. But they are combined together and they are challenging because there need to be policy settings to suit different aspects, and that is going to be hard because there is just no such thing as one policy fits all. It just does not work, and I am sure you guys would be familiar with that.

One of the biggest problems with the information economy stuff is mental health. The reason that there is a very substantial dark side to information-based economies, fibre-to-the-home networks and being able to work remotely is that for a number of people, social media particularly and that type of work has a very addictive feel to it. People have trouble switching off, and that leads to anxiety and depression, and these things are starting to come out now. I think there was a report released not that long ago about people having anxiety around social media because they cannot turn the thing off.

**Mr TREZISE** — Is it also a reflection of the fact that people are more inclined to work isolated rather than in a social network?

**Mr SUDHOLZ** — Yes and no. The social network can also be very connecting and can actually reduce isolation. There are a few farmers who participate on Twitter on this AgChatOZ thing, which is a Twitter conversation, who are good examples of where it is the reverse. But, yes, it can be very isolating and it can lubricate aspects of bullying and workplace harassment and these types of things because you are constantly connected and it can be very difficult to get away. You actually have to be able to switch that thing off and move away, and that is about education and support. Mental health issues will continue to grow, and the information economy is going to drive mental health issues and they will fall back on the state government. It is as simple as that. You will need to be prepared for that, and the work that is going on I think needs to continue and really does need to become a central aspect of state-based — —

**Mr HOWARD** — Does there need to be some more research done in that area to look at prevention and being proactive?

**Mr SUDHOLZ** — Yes, I think so. It is research, but it is also education as well and showing people and training people and exposing people to the problems so that they can switch off. We are not evolved to be connected to screens and machines, but a lot of us are now, so it does cause some problems.

The other one related to that is the thing about sleep deprivation. Again, this is where the high-speed rail networks are so important. The reality is if you are up late at night, either communicating with people in the US or just watching videos on YouTube, the nature of it is that sleep deprivation is a real thing created by these types of technologies, and that translates to car crashes on the road, and you get reduced business productivity, people turning up and not doing work, increased levels of mistakes and things like that.

So again that is a bit of a hidden thing that is going to be tagged up with this. The reality is that those consequences will fall back on the state government, and the state government really needs to get its head around it. Research will be a good start to that, and that has to be coupled in with education programs and also with workplace relations work in that workplace, which gives that flexibility so that people are not locked into having to come to work the next day or things like that, but which also does have levels of expectations to say, ‘You know what? You can switch this stuff off. You’re not expected to always be there.’ So that does play a role.

In the time that I have, if I can get those couple of points across, then I have done my job. I am happy to take any questions or report back on anything.

**Mr HOWARD** — I have read a bit about your business, but I would like you to explain in your terms a little bit about the sorts of things you do under your business.

**Mr SUDHOLZ** — With the business itself, it is pretty basic stuff, the services that I deliver. I do report writing. I help people write little computer applications that process data — for scientists or for the water authority. I am working in-house just to help them implement their enterprise management system.

**Mr HOWARD** — Are all your clients local at the moment?

**Mr SUDHOLZ** — They are all local; this is the thing. My nearest competitors are in Adelaide and Melbourne. I have no competitors in regional Victoria. There is just no capability. It is totally absorbed internally, and consultants like me are pretty rare, especially in regional Victoria. I have not even advertised. I have a website and I have a few people, and I have been just flat out since I left the department. So it is very basic stuff that I do. I do a lot of my stuff programming Microsoft Excel spreadsheets and Access databases. That is the nature of it. It does not have to be super-speed technology. But the way that I do business is very different from that. I do not use traditional advertising; I do not need to. I do not need to employ people to acquire skills. I can write contracts and farm them out overseas, where I can get just as good talent cheaper, and then bring that in to add value to my services and also be able to maintain a profit margin.

Like I say, the things that really drive productivity in information businesses like mine are the talent and creativity of the people on the staff, and that is associated with the knowledge. The business processes themselves are not important, because the reality is that the creation of information is generally always new and so formalising formal processes towards that process is not really going to drive my business productivity and profitability. That is sort of what I do. So it is not that what I do is necessarily all that special, but how I go about doing it and how I run the business is very, very different. It is entirely based on this information economics. We will see where we are at in 10 years time, but that is the way it is working at the moment.

**Mr TREZISE** — A very good presentation.

**The CHAIR** — Thanks very much for that very comprehensive presentation, Carl. You have obviously been right into this and had a good look at what needs to be done, and you have explained yourself very well here today. In about a fortnight you will get a draft from Hansard of what they have recorded of what you have said. You will be able to make corrections to obvious errors but you will not be able to change the substance in general.

**Mr SUDHOLZ** — Sure.

**The CHAIR** — Once again, thank you very much for your time and your contribution here today.

**Mr SUDHOLZ** — Thanks for the opportunity. Good luck.

**Witness withdrew.**