

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

Echuca — 15 August 2013

Members

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Cr P. Jarman, councillor, and

Mr D. Strachan, strategic initiatives manager, Shire of Campaspe.

The CHAIR — Welcome, Paul and Daniel, to the Victorian Parliament's Rural and Regional Committee inquiry into the opportunities for people to use telecommuting and e-business to work remotely in rural and regional areas. An apology today is Mr Ian Trezise, the member for Geelong. He wishes he could be here, but he cannot. 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. For the benefit of Hansard, could you give your name and business address?

Cr JARMAN — My name is Paul Graham Jarman, I am a councillor of the Shire of Campaspe, and my address is 45 Murray Esplanade, Echuca.

Mr STRACHAN — Daniel Strachan, the Shire of Campaspe, corner of Hare and Heygarth streets, Echuca.

The CHAIR — Would you like questions as you go through your presentation, or questions at the end?

Cr JARMAN — Questions as we go is fine.

The CHAIR — All right; lead on.

Cr JARMAN — As I stated, I am Paul Jarman. I am a local shire councillor. I am the spokesperson for the areas of economic development, tourism and NBN, amongst other things, in the Shire of Campaspe. Starting out, I would just like to thank you for the opportunity to explain what is going on in Campaspe and some of the positives and negatives around this space that we are finding. Broadly things in Campaspe that we are doing — leading on from Bruce, the previous speaker — are that we are a member of the Loddon Mallee working group in relation to the NBN; there are approximately 30 people. The reason for us to get involved in that is essentially to work on a digital strategy for the shire of Campaspe specifically, but also to form a part of a broader advocacy group for north-western and north-central Victoria. I also note that Marg O'Rourke, our consultant, will be speaking later; she has been a lot of help.

Essentially where the Shire of Campaspe is up to at this stage is that over the last 12 months we have embarked on an NBN strategy of developing an advocacy program to make sure that NBN is rolled out as quickly as possible to our community. We see NBN as no less important than electricity, water or gas. It is a future requirement of all businesses that we see we will need in our community. The NBN rollout, while being an engineering program, is of some concern to us — the fact that communities being without it and the lead time between the rollout and when you finally get it will be a significant negative to our community if we are not careful.

Just to give you some background, considering what our community has gone through over recent years, this is another thing that for us as the Shire of Campaspe is one of our higher advocacy issues front and centre.

To commence, the Shire of Campaspe will be providing a formal written submission as well, which will be broader and go into much more detail than this. The hearing today is really about, as requested, asking more specific questions about the details that will be rolled through the broader submission, so I have tried to condense it to a speaking submission so we can give some details.

I think council essentially has two main perspectives in this hearing. One is an organisational perspective and one is the wider community's perspective. I think they are different in many specific areas, but they do align. Council also maintains a particularly active interest in advocacy and promoting benefits of improved ICT infrastructure through this region. Leading by example, over the last 18 months we have embarked on the start of a budgeted \$8 million ICT upgrade through the Shire of Campaspe's organisation. It is a significant investment for a rural shire like us, but we see this as a leadership initiative to make sure that we are connected at the highest level that we can be and also to ensure that we provide services to our community at the highest level.

That can be as simple as what the previous speaker listed. I will digress for a moment. In that space, equitable access to high speed broadband and broad bandwidth is a major concern for us, and it really must go through the whole community. There are industries like Foodmach — large design-based engineering firms that are internationally competitive — which is one of our high-end IT-dependent industries in town. There has certainly been major concern coming out of their board of directors for us to advocate, but it goes right down to how we deliver our services to our community.

It can be as simple as wi-fi in libraries and wi-fi in community hubs. I think Damian nailed it well before in saying that not all communities will be able to afford the infrastructure or the cost of having such access to high quality technology, so local government and particularly the Shire of Campaspe, sees a very strong social reason why we should provide a high quality connection to our community. A lot of it has been spoken about. The community hubs, the libraries, are places where we already use it and also allow community access. That is something that we see.

Mr HOWARD — On that score, what is provided, for example, in this library?

Cr JARMAN — We have free wi-fi here, and that is something we have had since the day we opened the library. In terms of the take-up of that, I could not quote you the stats, but it is high. We see a lot of people in here — tourists, the elderly and other people — congregating to use wi-fi for everyday purposes, from access to banking to Google searching something that they probably do not have the speed to do at home. Equitable access to the internet is in our opinion going to be a major thing in rural Victoria, and we need to make sure we get it right.

Mr HOWARD — I presume you also have computers here for people who do not have their own?

Cr JARMAN — Absolutely. Yes, we do. Noting our tourism element as well there is thing called — and I think Newstead already has this and good luck to them — a wireless mesh over a certain area, which is essentially a centralised tower which goes towards the community-type concept of a centralised high-quality access point. What they have done is put a wi-fi mesh over their CBD area, which allows them unrestricted access inside that zone, which I think is unique.

Mr STRACHAN — Can I just build on that? For a town like Echuca which is centred so much on tourism this is really quite critical. When we have our large events up here it is often the case that everybody is trying to use their mobile phones at the end of the Southern 80 et cetera and the whole system jams at that point in time. We do need to improve on that.

Cr JARMAN — It is those real-life issues that are front and centre at the moment, let alone starting to talk about the future. That is the here and now that we are dealing with.

I will move back to the main points. In terms of identifying the major benefits for rural and regional Victoria, if more people were able to work remotely, fundamentally it is a crucial question for rural and regional Victoria.

Population decrease is a massive issue. In many parts of rural and regional Victoria we have got declining populations. A couple of the key drivers there are those education, employment and health opportunities, those types of things, and the lack of access to that. We will come back to this in full detail; I have it later on. That was point (a) in the terms of reference. Point (c) was ‘identifying any legislation impediments at a state, federal or local level’ — planning laws. The main comment about that is regarding future planning requirements around home offices and home industries. We are talking about e-commerce and all of these things in a broad sense, but while they are clear start-up costs for small businesses, particularly in IT-dependent businesses things like e-shopping and online shops and these types of things that we are setting up are not necessarily well understood. It is just about making sure that people understand the frameworks that they need to potentially work within, so that we see a problem coming rather than having to deal with something on the back end of it. That is probably the one that stood out for us. Finally, there is the last point: ‘establishing potential productivity, infrastructure or other savings associated with fewer employers and employees needing travel to and from work each day’. We will go through those points a little bit later on. These are the three main areas that we felt we wanted to talk to today.

We would also like to talk about the importance of improved broadband infrastructure. As we sit here today we have got one town connected to fibre, or rather earmarked to be rolled out, and that is at Rushworth, and we have five towers that are going through the planning process at the moment for fixed wireless. That is in the southern end of our shire. The rest of our community has a very silent feel about it, which is of deep concern to us. We are an agricultural processing hub. We have a high-quality manufacturing industry for a rural and regional Victorian town compared to many and these businesses becoming uncompetitive in relation to their ICT stuff is of concern. It is another potential weakness and will be for some time if we cannot address that as quickly as possible. While being an engineering project, the rollout has real advantages and disadvantages in its

lead time depending on when you are connected and when you are not, and we are talking years at this point. That is a concern on our radar.

Mr DRUM — Paul, just on that: is there a reason why Rushworth was picked? As a little community in the middle of nowhere — it is not like it is on a highway where it is easy — is there any reason why Rushworth was picked?

Cr JARMAN — Fundamentally what we can gather is that Rushworth — and good luck to Rushworth — is essentially on the main conduit between Bendigo and Shepparton. It is a good example of anomalies with the NBN. It is sub-1000 houses. It is all this for fixed fibre, but at the same time the opportunity was there and it was taken, which is good. It is not the negative of getting it; it is just more the concern of the lag times in rollout between regional centres of significance and large population bases. At the end of the day Echuca-Moama has 20 000 plus people if you put the two together — one of the top 15 cities in Victoria — and they are functioning combined communities with which we share education, health and all those types of facilities. From our advocacy point of view we see it as a concern.

In regard to the benefits associated with telecommuting as a business, for us it keeps coming back to connectivity, but essentially people looking to set up businesses in rural and regional Victoria require in many cases high-quality ICT capacity and many see it, as I said before, as a simple utility. We are converting from those basic energy sources and now connectivity is the fifth leg in importance in industry and particularly in isolation because the further we get out of the metro that connectivity becomes higher value. That is once again where the rural rollout has become a high priority for us.

We also see it, like I stated earlier, as the retention of skilled people within our communities. There is no greater example of that than a person in Lockington or in Kyabram having an IT capability but also having a high IT dependency on what their connections are. Without achieving those connections, we lose those people. It is a simple as that. It is a material competitive difference between communities and regional towns and metro, and it is something that keeps coming back no matter what research we are doing at the local level.

Mr KATOS — Paul, in relation to people who grew up in Echuca and went to Melbourne and perhaps would like to come back and start a business, or people who have holidayed here and like the area, do you feel that your internet connections effectively are hindering those people from starting a business or from those who have worked in Melbourne coming back to Echuca where they grew up?

Cr JARMAN — You are looking at people, for starters, who went away for a decade and then came back. Essentially you have identified a trend that is now emerging. Once upon a time we used to look for a job and then we would move everyone to the job. Now we look for where we would like to live and then look for employment.

One of the key factors in that is that when people do find somewhere to live — and the shire of Campaspe has a number of what you would call high liveable communities, particularly Echuca — we must make sure that we have those impediments removed so that we can attract people and population back to our communities. It is really about population growth broadly. It is probably one of a suite of solutions that we would like to think that we get in contact with.

We tend to lose them at the education level, and once again connectivity and the way that education services may be delivered in the future with good connectivity, hopefully we would lower that. But also, if we can then train people and retain them, and then attract people back, it is not a stretch to see that as a pretty reasonable request.

Mr STRACHAN — I think this came up very much in the discussion about Rushworth as well. Rushworth is of course a fairly small town. It is a great lifestyle choice for families to move to a small town like that, so the ability for professionals to be able to choose that place to live and to be able to work from there is a real advantage. It is not really just about our larger towns; it is about our small, liveable communities and getting population out there.

Mr DRUM — Daniel, have we seen any tangible benefits yet? I know it has not received the fibre yet, but are you aware of anybody making plans to move a health practice into Rushworth or have you got highly educated university professors moving into that area because of what is going to happen in the future?

Mr STRACHAN — As you said, it is probably early days. I think it was only announced in May this year, and of course it has got a three-year lag time before it will go in, so I think what we will be doing is monitoring closely what happens in that town. Certainly part of our advocacy is also getting the message out into communities about what NBN, what improved broadband, actually means for them. We will be out there actively spruiking the benefits of broadband. Hopefully that might attract certain people to go to a small town like Rushworth and take up that lifestyle choice that they have probably always been thinking about.

Cr JARMAN — I think the third one, to the suite of why this is important, is the opportunity to develop existing businesses. Quite often we talk about attraction, but as far as the local government point of view goes, in developing and helping to enhance existing businesses, you probably get better bang for your buck in lots of ways.

Mr HOWARD — Paul, can I ask, on that score, has council done an assessment of your businesses across Campaspe to establish that they are marketing via internet — with those who are in the marketing area — and making use of IT capacity? Because while I take on board the issue that yes, you would love to have high-speed internet, clearly, as a committee, we have met a number of individuals and business operators around regional Victoria already on our travels, who even out as far as Natimuk where they do not have great connectivity, can still — we saw an animator who sells animated cartoons and things into the US — operate on a low bandwidth in a number of businesses. Clearly it is a matter of even making use of capacity that you do have to market, and there are opportunities there. Have you looked at what is happening?

Cr JARMAN — Absolutely. There are probably a couple of answers to the questions there. Depending on what level, access to high-quality IT development, whether it be web marketing, those kinds of consumers, we access them out of Bendigo and also have a number of firms here that are quite capable of delivering high-quality marketing online. Probably a good example recently is the Kagome, which has been through a whole total digital overhaul. Part of that is about the marketing of their product, connection to our community, all the way back to Japan. There is a really good example.

Mr HOWARD — And what do they do?

Cr JARMAN — They are a tomato producer, part of the Kagome group of companies — a very large, value-adding agricultural processor — and they are new to town.

The CHAIR — John is coming later.

Cr JARMAN — John will give you the whole spiel on that. They are probably the high-end example delivering what you are asking about, right down to a number of local artists I am aware of who market their products online, and things like that. It probably leads in well to my next comment about what we are doing. It is all right to say, what about the connectivity? What are we — —

Mr HOWARD — I see you are running some courses and so on.

Cr JARMAN — Even more than that. Under the NBN4 Loddon Mallee Working Group part of the filter-down effect of that is exactly what you asked about — that is, putting the responsibility to develop working groups back into our own communities, to identify what we are about, what we are looking for, what the opportunities are that we already have and to make sure that communities are aware of the opportunities that will come. Where we are at the moment is that we have gone through developing the terms of reference for that group, and on Monday we actually put out expressions of interest to develop a working group of 10 people.

To give you a baseline on it, of those 10 people we are looking for agricultural representation, industry representation, health representation and education, IT and community representation. The role of that group will then be to work with the community to develop their perceived knowledge and to work on developing that. It is also to work as the Campaspe advocacy group in our own right in relation to NBN or connectivity issues so that we feel as though we bring the whole of the community along, not just to ask for it but also to be proactive about what we are looking to do and what we have got to add when we get it. It is about being ready at the other end as well, which is probably a pretty decent question.

Mr DRUM — Paul, while this inquiry started off looking for positive opportunities to enable people to work more remotely and to, say, work from home or maybe not have to travel to Melbourne four days a week but

maybe go once or twice — that is, effectively looking for those opportunities — we have in fact heard a lot of evidence from people in the regions where they just have these communication black holes. If I was to ask you whether you have examples here as an overview of the situation, would it be that you have a whole litany of positive stories about people who are using this technology and doing great things and that we should be pushing and encouraging that, or would you be a bit more negative and say, ‘It’s incredible that we do have these communication black holes that actually inhibit economic growth in our regions’? Where do you think the pendulum lies?

Cr JARMAN — I think Campaspe has a lot of innovative people who are probably maximising what they have got. The agricultural sector stands out well — for example, Kagome just then — but there is no doubt, I am pretty confident, that our speed and bandwidth availability at the moment is some of the lowest speeds in country Victoria in this region, and I think the data backs that up. That is something that is of big consequence. The speed and capacity we see is close to a black hole. It is not a black hole, but it is certainly not what you would expect even in many other rural and regional communities. Secondly, with the Next G type of technology, wireless-type stuff, we have a number of black holes through our community with telephones or mobiles, let alone with internet connection. When I say it is expansive right across the community, it is probably not, but there is enough there. As a person who moves around our shire, quite often you find drop-out is quite a normal thing, and that is pretty disappointing in northern Victoria.

Mr STRACHAN — I think you would probably say that in a smaller community this would be more of an issue, in particular as we get into our agricultural areas, and we have to remember that some of the farming businesses out there are big businesses. I think you would be surprised at how many of them are still trying to work with dial-up, for example. I think Margaret O’Rourke is speaking to you later, and she might be able to help you with some statistics on that. That is certainly an issue for some of the larger businesses in the area.

Cr JARMAN — So, that being said, on the positives, there is no doubt, from a local government point of view, that we are looking at it to make sure that our community is ready. I think we have tried to take a positive thing; it is one thing to advocate for something, but it is about what we are doing about being positive, being NBN ready and all these types of things.

What I will go through here are the benefits as an organisation of what we see as the efficiency gains and things like that that hopefully will be achieved. Considering that we are already as a shire investing in our own technology, really it is about now having the maximum capacity of our own investment by being connected. That really comes down to a number of key areas, which I will go through.

At a local level, telecommuting has the ability to broaden the pool of candidates. The attraction of appropriate candidates for employment in rural areas is an issue. So not necessarily having them located here but having access to them in real terms is another option to try to import that skills shortage that we have in rural and regional areas, especially in local government and probably in many industries if you go to different communities.

Mr HOWARD — Are you aware, however, on that score, of any people who have moved into the area who are in fact telecommuting, whether it is full time or most of their time, and working either out of businesses based in Melbourne or even other places? Has that started to happen?

Cr JARMAN — Foodmach has eight design engineers that operate out of Melbourne and Echuca. It comes back to that high-ICT-capacity need for the type of work that they do. They are in robotics and mechanics. They have a sub-branch in Melbourne for that exact reason so that they can access a skilled labour pool to still activate and resource their business back here in Echuca. They commute backwards and forwards on a needs basis but are based in both areas. That is probably one of the standout ones.

The CHAIR — I think Geoff was probably looking the other way.

Cr JARMAN — Oh, sorry.

Mr HOWARD — People who might come and live here who are in fact working elsewhere.

Mr STRACHAN — Certainly when we undertook our investigations in Rushworth, when it was announced, we actually chanced upon a young journalist there who had made the lifestyle choice to escape the

big smoke. He is now living in Rushworth. He said, in terms of existing connectivity, that most of his stuff is just on a basic word processor, so they are not large files or anything like that, but what we were talking about in terms of attracting young professionals to the area to have that lifestyle choice is exactly the reason why he came up here, so I am aware of that.

Cr JARMAN — There is also another one. There is a graphic artist's business in Bamawm. They do a lot of graphic art work, and they have clients all over country Victoria. That is a local one. It is a good story. He left Lockington, he was educated, he came back and he is now bringing up his family here on the basis of what he does and what he was trained for, and he is now deriving an income.

Access to human resources is obviously a benefit, and then we go down to reducing travel expenses. There is a lower environmental footprint with businesses, increased productivity just by reducing travel time and things like this, which I think is fairly obvious sort of stuff. I think the one that you cannot put a dollar figure on but still has an extreme value is that the time saving for employment and employer allows higher quality social and family interactions and these types of things. If you are travelling to Bendigo or Shepparton for work, it is 1.5 to 2 hours a day in the car. To have that at home or in your community at least two or three times a week as a part-employment type of situation has real benefits for our towns.

Regarding infrastructure, particularly from a local government point of view, if we have remote location or at-home employment or those types of things and the ability and infrastructure required, it stands to reason that we possibly should have less in the future as per the EFI equivalents in our businesses, because if they are not always here and they have mobility and flexibility, then hopefully we are lower on those sorts of things.

Back to the key inhibitors, it just keeps coming back to the lack of reliability and speed of our connectivity. The unclear infrastructure priority directly relates to even our own projects of how we are going to roll out our ICT program with an uncertain lag time in relation to the infrastructure. We are investing into the future, and it is a concern at what point we get our benefits with connectivity.

I know Bruce mentioned in the last part of his submission equitable access for our community. They are probably the three priorities for where we are at. Making sure that the wider community in rural and regional communities, regardless of cost, has reasonable access. That is one of the parts that local government sees itself playing — some part of the solution.

The CHAIR — In other jurisdictions and areas we have been to they have talked about having telehubs where people who telecommute can go and get a hot desk one day or two days a week, and it has a bit of networking and social interaction for people. Has the Campaspe shire thought about telehubs in some of your bigger centres?

Cr JARMAN — We have spoken about the hub model, and I think it means different things to different people.

The CHAIR — So that is what we are asking you — you are it.

Cr JARMAN — Part of what we are doing with the NBN working group is to have those types of conversations. At the moment we have four service centres throughout our shire. It probably begs the question: what services will we offer as part of a new future in local government in Campaspe shire? Every year or couple of years we are looking at what we provide and offer. This is the same question: what are our community's needs? What services can we afford to offer, what services should we be part of offering and how do we fund in order to offer? To me this is a perfect example of that type of thing.

The CHAIR — Or should we encourage private industry to take it up?

Cr JARMAN — Exactly, and how does that transition go? All those types of questions are genuine questions for rural communities to answer based on access, affordability and the model that their community is happy to engage in. But it stands as a reasonably good idea at this stage, I think.

Mr HOWARD — I could see for places like Rushworth, where presumably you will get your high-speed broadband in the town, it will not go too far out from the town — that is my guess — and therefore there is an opportunity to have some sites in the town of Rushworth that have some hot desk capacity or some capacity for

people who might live in the broader community to be able to come in and work from that area that has that higher capacity. That might be an opportunity for you.

Mr STRACHAN — I think it will also be interesting to see what kind of connectivity we do get out of the other two systems: satellite and fixed wireless. It is hoped that every premises will have access to some form of high-speed broadband, but we cannot project another 10 or 20 years into the future to know what our demands are in that regard.

Mr HOWARD — Or what the time line is going to be for that broader rollout.

Mr DRUM — In relation to truly monitoring the potential benefits for a place like Rushworth, would it be diligent for council or somebody to get an accurate assessment or do an accurate audit about what currently exists in that little community so you could accurately go in 12 months after? I know that will possibly be telling you what you already know, but sometimes it is difficult after the event to judge the benefits of any program unless you have a very accurate assessment or audit about what was in place previously. Secondly, are you doing anything proactively to set up that community for being a small town ahead of the pack?

Cr JARMAN — First of all, it is interesting to establish how effective the baseline data or starting point data will be. Have we discussed that? No. Is it a valid conversation? In the framework of what we are looking to do with our community consultation, with the NBN working group that we are setting up, one of the things the people speaking earlier on have identified is that each community has a degree of autonomy that it wants to have. I believe what you are saying is we need to go back to that community to actually understand what they think their needs are and to also help them establish what their needs are.

I think it is about not only establishing what we have got but also having a conversation with our smaller communities, of which Rushworth is probably at this point the most relevant one, with rollout being allocated to them over the next couple of years. There is no reason why Rushworth should not receive a workshop-type model to try and see what maximum benefits we can get with what we have got.

Mr DRUM — Again I have already asked you, but I am just interested in these inhibitors of lack of connectivity. So that still is an issue, one you obviously do not want to highlight but you cannot overlook it either. It is out there. Lack of reliability is still an issue for many of your people.

Cr JARMAN — It is. I think Peter from Foodmach described it well to me. They do a great job, but they have put strategies in place to manage it.

Mr STRACHAN — I think the other inhibitor that we have been talking about all along is awareness. This may be over a number of issues. It may be awareness of what you need to do to set up a home business — for example, OHS requirements or planning requirements. But the other thing, and I think this was identified earlier, is awareness around what can be done already with existing connectivity versus what can be done in future. We are trying to get that message out there as well. You do not necessarily need to wait for the NBN to come. A lot of our towns already do have a reasonable connection — for example, you can do some type of start-up business from home — so it is about getting these messages out there to the community, and that is certainly part of our advocacy program as well.

Mr HOWARD — The only thing I am wondering about is in terms of the recommendations that this committee can make. Although we can make some broader recommendations as to what should happen across the community or what we would like to see, essentially we will be looking at what we can encourage state government to do. One of the areas might be looking at supporting seed funding for some hub opportunities to see whether they might work and benefit communities. The other area is in regard to telecommuting and whether for a start the state government might encourage its own departments to look more seriously at allowing some of its staff to telecommute. I do not know what the benefit for Campaspe might be; certainly I can see it working for places like my own areas of Ballarat, where people live — —

The CHAIR — They would move from Ballarat to Campaspe, Geoff.

Mr HOWARD — But the issue with telecommuting is mostly that you are looking at part-time telecommuting rather than full-time if you are working in most of the areas. But it is an area I still think is something that I would encourage you to consider in talking with your government departmental people,

whether there are opportunities for government offices that are here to be able to be more flexible to enable other government staff, whether they are based in Melbourne or other regional centres, to be able to live up here and telecommute. I do not know whether you have looked at that, and I am just interested in your thoughts in that area?

Cr JARMAN — I think you just touched on part of the issue — it is not just in telecommuting from the regions to Melbourne. It is also within the region itself, so it is in assisting connectivity within this region. Of course there are lots of government departments based in the larger regional centres, in particular Bendigo. Not everybody wants to live in Bendigo, for example, so there are a whole range of opportunities I think at the more local level.

The CHAIR — All right, Paul and Daniel, were there any final comments you would like to leave us with? If not, thank you very much for your presentation and the time you took to prepare that and the time that you took to come and speak to us here today. In approximately 14 days time you will get a draft copy of what Hansard has recorded. You will be able to make corrections to obvious errors, but other than that it will be as it is. Once again thank you very much, and all the best with your strategies to have more people living in Campaspe and telecommuting.

Cr JARMAN — Thank you.

Mr STRACHAN — Thank you.

Witnesses withdrew.