

# 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**

Ballarat — 17 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 I. Fry, executive officer, Ballarat ICT.

**The CHAIR** — Welcome, Ian, to the Rural and Regional Committee of the Parliament of Victoria'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. For the benefit of Hansard could you please give your name and business address.

**Mr FRY** — Ian Fry, Greenhill Enterprise Centre, Ballarat.

**The CHAIR** — Ian, would you like questions as you go or at the end of your presentation?

**Mr FRY** — What I would like to do, if it is okay with the committee, is just go through what Ballarat ICT is, how we are funded and what our major strategies are. You have a lot of questions, I imagine. There are several reports I think you may have had a quick look at, including about internet access on trains. We also have one on manufacturing. I will just speak for a couple of minutes about what we are doing, how we are funded and take questions after I go through the strategies. Are you happy with that?

**The CHAIR** — That is fine.

**Mr FRY** — Ballarat ICT's mission is to lead and support Ballarat's ICT industry for the benefit of the community, to enhance ICT research and innovation and provide world-class ICT infrastructure, and to create high-quality jobs in the region. The City of Ballarat supports and funds Ballarat ICT and the board in achieving its business objectives. We have a business plan, which is approved by the City of Ballarat. Those objectives are looked over by the board, and I will go through them in a minute. Building critical mass and attracting further investment is a key priority of Ballarat ICT. Ballarat ICT continues to work collaboratively with the City of Ballarat, businesses, university and other key stakeholders. As a result Ballarat will be increasingly recognised Australia wide as synonymous with ICT.

I will briefly go through our strategies so you know what they are. Our major strategies include telecommunications and an NBN leadership role — that is, having the NBN come to Ballarat. We played a major role in lobbying for the NBN, both wireless and fibre. Another strategy is enhanced use of ICT within manufacturing and other areas of business. We are currently doing a project with some manufacturers. Then there is internet access on regional trains. We have undertaken a survey on that, which is continuing. That was for productivity. We also have the Get into Games or Ballarat GIG event, where 300 students can come to talk to leaders of the gaming industry, which is worth \$1.16 billion in Australia. Students can find out about careers at the university in gaming and all aspects of business, HR, legal et cetera. The university has the potential to host 300 students at the event, which is attended by leaders in the Australian gaming industry.

Then we have industry forums. For instance, we have industry forums on the use of NBN and cloud with wireless, fibre et cetera. Basically they are strategies, and that is what we are working on over the next year and a half. I suppose the one that would probably interest you most is internet access on regional trains. If you would like, I am happy to answer questions.

**The CHAIR** — We have actually heard a bit about that today. What would you recommend to the Parliament of Victoria with the NBN rolling out? We do not necessarily want to talk about the ability for it to be there. If it is there, how do we actually get people to use it and to grow business in the region?

**Mr FRY** — I think that is an education process.

**The CHAIR** — What would that look like?

**Mr FRY** — I think that is not hard to do. We have to show businesses and mums and dads what they can do with the NBN. I think we cannot get bogged down with saying NBN, especially in regional areas; we have got to say broadband, because it could come in any form. The NBN may be a while off, so it could be in 4G. In Geelong and Ballarat they have got iiNet, which is DOCSIS, which has speeds of up to 100 megabits per second as well as the NBN. I think it is a matter of seeing what benefits they can get

from using high-speed internet. It is not a matter of saying, 'Build it and they will come'; I think that is the wrong attitude to have. I think we have to show them, whether it be by forums. For instance, we have forums on cloud computing.

I can give you an example of a manufacturer in Ballarat who was using MYOB, and he was talking about how he could use IT and how IT could help him. Every night he would get a copy of his files — he lived in Melbourne — and he would take them home, change them, bring them back, put them on his PC and let his office girl then work on the file. I said, 'Well, if you put that in the cloud using broadband, you would be able to access it anywhere. If you go on holidays, you can look at your cash flow, look at your P and L anywhere. Your office girl can change it, and at the same time you would have those changes instantly'. That is one use of the NBN. Unfortunately he did not know what the cloud was or what high-speed broadband was, but that was not his business. So just getting the message out like that on simple things is going to help businesses for sure.

**The CHAIR** — So have you got examples of where you have had companies adopt it when they have been through your programs — of their having adopted it and how that has grown their business?

**Mr FRY** — We have a program going at the moment with manufacturers where we have four trial sites. We are putting customer relationship managers in one and graphics programs in another. They are just starting now. We got a \$50 000 grant from DBI, I think they are still called. We matched them dollar for dollar, and that pilot started in the last two weeks. What we will do with that pilot is there will be 6-month and 12-month intervals of how that helps them going to IT. We also did a survey on manufacturing in Ballarat, which showed that only 33 per cent of manufacturers have an ICT strategy, and probably only 10 per cent of manufacturers are using ICT efficiently. That is not because of knowledge; I think it is because of time. They are too busy within their own businesses.

**The CHAIR** — How do we get the other 70 per cent and the other 90 per cent?

**Mr FRY** — From my point of view the easiest way is similar to what we are doing now — the funding where we have a pilot system going. I think that funding has to be made more simple for small businesses like Ballarat ICT, because there are only two of us, and we have to outsource some of it dollar for dollar. Well, \$50 000 is a quarter of our budget, so we are not allowed to pay for wages or anything like that. I think you have to make it simpler. Being in private industry, dealing with government, getting government funding, there are too many hoops to jump through and too many requirements. I understand you have to have requirements, but if there are too many, it is too difficult and some people just throw up their arms and say, 'It's all too hard. I'll just continue what I'm doing'. I think that is one big barrier for some companies in using ICT.

**The CHAIR** — Do you have programs to educate people that the return would be there?

**Mr FRY** — What we are doing at the moment is that we have to demonstrate over forums how at the end of the day with the companies the introduction of ICT has improved their business. That is one part of the grant we have to satisfy. That will be shown up at 6-month and 12-month intervals. In 18 months we will look at the businesses and how they have improved. I want to give the example of putting MYOB into the cloud — what we call Xero, or another program. The portability of that means that person can still go on holidays, his productivity goes up, he does not have to take it home. If he had internet access on the train, he could probably do it on the way home on the train. All of those things are there.

**Mr DRUM** — If we just talk about the specifics of the internet access onto our rail system, in your belief what are the barriers to that happening, and why did it not happen years ago?

**Mr FRY** — I think the biggest barrier is the technology. Looking at internet access on trains, when we first did the survey — and even in European surveys — there was not a lot to say that this was a good thing to do, because people were still using laptops and things like that. The biggest changer was hand-held devices — everyone has a hand-held device. That was the biggest changer for that. Hand-held devices usually work on 3G or 4G, and people tend to get mixed up when they are talking about internet access on trains with wi-fi and 3G and 4G, and how we are going to feed it. If you hop on any of the trains here —

metropolitan is a bit different — most of them are covered by 3G or 4G. The problem we have here is we have blind spots between here and Melbourne and also in the Gippsland area. So the easiest way, in my belief, is to fix those blind spots with 3G.

**Mr DRUM** — Does that mean a partnership with Telstra to have towers built at various spots?

**Mr FRY** — As I understand it now, the state government is doing a survey. It has asked for tenders for people to put in applications on how they can actually fix these blind spots. It is just a plan. They are actually using some of the data we got to go ahead and do that.

**Mr DRUM** — Sure.

**Mr FRY** — The other issue you have with internet access on trains — a lot of people say wi-fi — is you want to hop on the train and log onto your wi-fi. Unfortunately the problem with that is having the train pick up a wi-fi signal. It reflects signals, so it is very hard to do. Plus, my understanding is that V/Line is not too keen on having that system within its trains, because all it is interested in, really, is its core business of taking passengers from A to B. So putting wi-fi in trains can be done, but it is probably a little harder to do, and then you have the problem of how you would bill that, if you were going to bill it. There has been a lot of talk about advertising on it. Coming from that industry, I can safely say that would not work. There are problems with using 3G or 4G, because you are probably only going to have one carrier who does those train routes. So you have got one carrier; unless you make that one carrier wholesale its 3G or 4G, that becomes a problem.

**The CHAIR** — In your piece here, you have talked about barriers to change. Earlier this morning we had presentations on the importance of change and effective change management. How would you see overcoming some of these barriers to change and ‘perceptions at the firm level’, as you have mentioned here?

**Mr FRY** — I think change management is probably one of the biggest things in implementing ICT change in the workplace. You can introduce a new system — and I am talking from a business point of view — but unless you have budgeted for that change management to take place, that is not going to happen. People are still going to have the same attitude about using a new system. Change management is probably something governments may be able to look at, saying, ‘Look, you put new systems in, and we will help with change management’, whether that is funding, time or resources. I think that is the big thing. I think that is where a lot of things are let down by change management. As we all know, when we get new technology, unless we are fully charging in to embrace it, we are gradually going to pick it up. We are not going to use it to its full extent. That is probably the biggest problem — change management in the industry, and probably with mums and dads too.

**The CHAIR** — You also have in here ‘experimentation by employers is encouraging’. Can you give some examples of what employers are experimenting with?

**Mr FRY** — They will experiment by giving them hand-held devices. Are you looking at the train one now or the manufacturing one? I think the train one.

**The CHAIR** — The train one.

**Mr FRY** — There are businesses in Ballarat that have a number of employees commuting from Melbourne, and that is the same for Gippsland and Geelong. You have a number of people who commute either way, especially back and forth, to regional areas. What we wanted to do is say to employers, ‘Can we have some of that time’ — it might be only an hour or could be the full round-trip — ‘as productive time, where they can check their emails, do research, read, whatever they have to do on the train via the internet?’. That is what we were looking at — productivity gains. We spoke to a few Ballarat firms and asked, ‘If you had some of your senior managers or managers commuting from Melbourne to Ballarat, would you be able to take an hour off their time or let them go an hour earlier to catch that train?’, because there are still productivity gains to be made by being on that train. That was one of the big things we thought of doing.

Having been involved in private industry and having had managers come from Melbourne, I think you have to be careful, because commuting seems to have a time line — I do not know if that is still the case — unless you can have them catch the 4 o'clock train or the 3 o'clock train or the 9 o'clock train from Melbourne. I think that is really important; I think those gains would be great. You can certainly sit on the train and write emails on your phone or read or do whatever you need to do on your device, whether it be an iPad or a phone.

**The CHAIR** — Other than the train, have employers been experimenting in other areas to help with this?

**Mr FRY** — Not really — not on the train as such; we certainly have employers using the cloud or going into the cloud. We have employers asking us a lot about cloud services, how they can use the NBN and what benefits it is going to bring them. There are many benefits, especially for things like capital expenditure. If you have NBN and broadband, you do not have to spend a lot on capital expenditure. You can have services et cetera in the cloud, which means a monthly fee. It means you do not have to back up; someone else does it. You do not have a \$20 000 outlay; you have a monthly outlay. That is one big improvement. A whole lot of manufacturers, small businesses and large businesses are doing that. We have had forums on cloud use and taking your website mobile and things like that.

**Mr DRUM** — Ian, what is the time line for the NBN to reach Ballarat?

**Mr FRY** — The NBN has started here.

**Mr DRUM** — It has started here?

**Mr FRY** — We were one of the first to have it rolled out — —

**Mr DRUM** — When will it be completed or finished?

**Mr FRY** — I have no idea when it will be completed or finished. I think if there is a change of government, that will probably change too. I cannot say when it will be completed, but it is certainly here. I was heavily involved in the wireless in five cluster areas around Ballarat. I regularly talk to the NBN about a number of issues. Transfield has the contract to install all the pipes and ducts. It was good because Transfield came to Ballarat ICT to see if they could employ Ballarat people to do that work. That is part of the services we provide.

**Mr DRUM** — Is it actually up and running yet?

**Mr FRY** — There are some services up and running, yes.

**Mr DRUM** — Have you had a conversation with those businesses to see — —

**Mr FRY** — At this stage it is mainly going past the general public rather than businesses.

**Mr DRUM** — So it is just going to homes at the moment?

**Mr FRY** — Yes, it has just gone to homes at this stage. I am sure there are one or two businesses that are using it. I know there are one or two businesses in the outer suburbs using wireless, but I am not sure if there are any major businesses using fibre.

**Mr DRUM** — Is the idea that businesses need to wait until the whole thing is done before they start to use it?

**Mr FRY** — No, it will be done in sections. It follows what they call distribution areas of Telstra; it goes in those distribution areas. So it will go in in different areas. It is going into Ballarat North and central Ballarat. A lot has been done in central Ballarat. It must be remembered that Ballarat, Geelong and Mildura have got access. At this stage internet speeds range from 100 megabits to 200 megabits per second with iiNet. Quite a few businesses are using that.

**The CHAIR** — Do you have any final comments, Ian?

**Mr FRY** — I don't think so. I think that was fairly brief. Hopefully I covered most things.

**The CHAIR** — All right, Ian. Thank you very much for your time today and for your valuable contribution. In about 14 days time you will be sent a draft of the Hansard transcript. You will be able to make corrections to obvious errors, but you will not be able to change matters of substance. Any changes will need to be approved by the committee. Other than that, thank you very much for your time and your contribution today.

**Mr FRY** — Thank you.

**Witness withdrew.**