

# 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**

Melbourne — 16 September 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

#### Witnesses

Mr J. Vines, chair, and

Ms P. Neden, chief executive officer, Innovation and Business Skills Australia.

**The DEPUTY CHAIR** — Thank you for coming in. As you are aware, this is a public hearing of the Rural and Regional Committee, where we are looking at the use of telecommuting and e-business to work remotely in rural and regional Victoria. Just before we start, I will get you to provide your names and contact details for Hansard. As you are aware, Hansard is recording what you are saying, and as part of the public nature of the hearings, what you say affords parliamentary privilege, so you can be fairly free in what you share with us. We might start with you providing your names, and then we will move into your presentation and then a discussion from there, if you like.

**Mr VINES** — My name is John Vines. I am the chair of Innovation and Business Skills Australia. My address is 13 Sefton Place, Camberwell, 3124.

**Ms NEDEN** — My name is Patricia Neden. I am the CEO of Innovation and Business Skills Australia. My address is 176 Wellington Parade, East Melbourne. Perhaps I will start by telling you a little bit about Innovation and Business Skills Australia, what type of organisation it is and what we do. We are one of 11 industry skills councils that have a national focus, and we are funded by the federal government. Of those industry skills councils; four are based in Melbourne, and the others are based in Adelaide, Sydney and Canberra. Some of them are quite narrowly focused. We have quite a broad remit, and the industries that we cover and work with are business services, ICT, financial services, printing and graphic arts, the creative and cultural industries and also training and education. So it is quite eclectic, if you like.

The word ‘innovation’ in our name gives us the freedom to roam and do some very interesting things. Through our interest in the ICT and innovation areas we have looked at the NBN, teleworking, e-business and e-skills — those sorts of areas that naturally impact on the work that you are doing.

I explained to Lilian, and I am sure she has conveyed this to you, that while we have not focused on regional Victoria specifically, we have done some work and we can generalise from that work. So we have looked at Brunswick in Victoria, Scottsdale, and Armidale in New South Wales, and we were able to generalise from some of our findings there.

In terms of what industry skills councils actually do, they have three major functions. One is developing and maintaining training packages, which are essentially the standards that are used in the vocational education and training sector throughout Australia, and they are national training packages. We also produce an environmental scan on an annual basis, and that is a look at our industry areas, the trends, what is likely to happen in the next couple of years, what training is needed and what skills are needed in those areas. Our third major focus is on workforce development. There we are funded by the federal government to distribute funds directly to businesses to upgrade their workforces and to work with them in identifying the skills that are needed to make them more productive. So we have those three, if you like, focuses in the work that we do.

**Mr VINES** — Would you like us to talk a little bit about some of the work we have done that impacts to some extent on your terms of reference?

**The DEPUTY CHAIR** — That is right; as it relates to our inquiry.

**Mr VINES** — Partly as a result of our coverage of the ICT sector, but more generally because of our coverage of a broad range of sectors, including business services, we have been very interested in the issue of digital literacy, and in particular we have been very interested in the potential impact of high-speed broadband in terms of businesses, how they might operate, how they might be structured and the sorts of opportunities that provides. I think that is probably relevant to the work that you are doing.

As Patricia said, we have undertaken a number of studies — commissioned work — and one of them looked at the potential impact of the NBN in four areas where the NBN has been rolled out — that was Scottsdale in Tasmania, Armidale in New South Wales, Brunswick in Victoria and Willunga in South Australia. They are all quite different regional areas, and that provided an interesting array of issues that arose as a result of that.

Probably the two or three that have been the most successful have included Armidale, because of the university cluster there, and there were businesses that were relatively savvy in terms of IT. But also issues arose there in that a significant proportion of small businesses were finding it difficult to come to grips with what the opportunities were. Brunswick, on the other hand, has to some extent created what might be described as self-directed business hubs, if you like — small businesses getting together and wanting to work in the same

building. It is really quite an interesting opportunity. If your committee had the opportunity to, I think it would be well worthwhile going out to this hub in Brunswick, which has been established on the basis of small businesses wanting to get together and work together and learn from one another and so on. It is a quite interesting self-directed model.

Then Willunga in South Australia is on the outskirts of Adelaide, but the South Australian government has been quite keen to ensure that the opportunities arising from the NBN are actually realised in that area. They have put a lot of effort into ensuring that small businesses and so on, through local government in that area, have a better appreciation of what the possibilities are, what the impact might be, what the skills might be that they need and overall what it might mean for their business strategy, business structures and so on.

That was one of the studies we did, and we found that quite instructive. One of the things that did come out of that is that the ISPs — internet service providers — were not very good at providing useful advice to SMEs. All they wanted to do was sell the product; they were not really interested in sitting down and working with them as to what it might mean in terms of opportunities.

I must say the other area is in Victoria, out in the Whittlesea area. The federal government has been quite active there in terms of working with SMEs, providing a lot of support for SMEs in the nature of after-hours seminars and other activities to try to get them up to speed.

**The DEPUTY CHAIR** — Who has been providing that?

**Mr VINES** — This is the commonwealth government, as part of the NBN rollout. As you would know, out at Whittlesea the NBN has been rolled out pretty much into all the new developments there and pretty much throughout that municipality. That is also quite an interesting model.

The other activity we did was that we were keen to try to drill down a bit into some of the industry sectors that we cover. We commissioned some work to do some pilots in the financial services industry, particularly insurance broking, and also in the printing sector, where we worked in both cases with about a dozen firms, in the main SMEs, with senior people in those firms to try to work through what high-speed broadband might mean for their businesses. That was both useful in terms of providing insights that we otherwise might not have picked up, but the individuals who participated in that also found it a very, very helpful opportunity for them to start to think about strategy in terms of what it might mean for their businesses. It is that engagement that I think is very important in terms of encouraging uptake by providing opportunities for people to think about what it means and perhaps prepare for the opportunities as they arise.

Basically that is a couple of things we have done. If you like, I can talk about broader issues.

**Mr DRUM** — I just want to take you back to Armadale. We are going to Armadale.

**Mr VINES** — Armidale in New South Wales, where the University of New England is located.

**Mr DRUM** — I am not sure that is on our agenda.

**Ms TOPIC** — Yes, it is.

**Mr VINES** — Tony Windsor was instrumental in getting broadband in there pretty early on in the piece — high-speed broadband, the NBN. That would be worth having a look at because for regional Victoria we have some similarities in Ballarat, in Bendigo and perhaps even in Morwell in the Latrobe Valley area in terms of having a university and what that might mean. I guess the broad issue that has been of interest to us, as well as the opportunities that NBN provides for businesses, is the concern that we have about digital literacy more broadly in the community. Our concern is that with high-speed broadband, unless you are digitally literate, the risk is you will be socially excluded.

We are already seeing this in terms of the age gap, older members in our community perhaps struggling a little bit with some of the internet-based services. You can see that in 5 to 10 years time you will not be able to get anything other than internet-based services, so there is a real challenge in terms of social cohesion or social inclusion. I think the people before us might have made mention of that. That is something I think governments need to pay particular attention to, because it is not only the inclusion aspect, it is, we would argue, the productivity aspect that comes with the technologies associated with high-speed broadband and the

opportunities that they have to underpin what we would say would be just about unprecedented productivity growth opportunities in Australia, if we have the skills to access it and if we have businesses that understand what those opportunities potentially are. It is a very exciting time.

**The DEPUTY CHAIR** — In terms of that area, there are and have been for a number of years lots of training opportunities there, whether they are provided in libraries, in neighbourhood houses or through formal training providers and so on, to try to help provide digital literacy or whatever we want to say. Are you still seeing some significant gaps in that area?

**Mr VINES** — Yes, particularly in the workforce. A lot of those community ones are directed perhaps at people who are retired, and we are making reasonable progress there. My view is that it should be ramped up. But I think we have some real issues with digital literacy in the workforce, for workers in the 45-plus age group, or maybe it comes a little bit earlier than that in their career. You can see that every business is going to be very broadband intensive and reliant in the future for every application within the business, whether you are on the shop floor or in the administrative area or whatever. Unless your employees are digitally literate — not to a high level, but with a basic understanding of digital literacy and the confidence to use it — then I think businesses will not realise their potential.

Perhaps we can just go on in terms of where this takes us in terms of regional communities. To use another hackneyed phrase, we would say that high-speed broadband provides an opportunity to reduce the tyranny of distance. Certainly it provides the opportunity to revitalise regional communities, and I think one of you may have raised the question of telecommuting. We see that there would be great opportunities for people to be able to telecommute rather than needing to go into the office every day of the week. That then makes the viability of living in regional Victoria more attractive, particularly if you have a good rail service between the regional centre and wherever your head office might be. We are not telling you anything new when we say that that has implications in terms of the amount of office space companies will need; it has implications in terms of traffic congestion, because people will not need to be on the road at 8 o'clock in the morning and 5 o'clock in the afternoon; it has implications in terms of public transport; and we think it also has implications, as I was saying, in terms of the viability of many of our regional towns. There are a lot of really good things that potentially become available if we have the wit to make use of those opportunities.

**Ms NEDEN** — I guess one of the other interesting areas that we have looked at and talked about is the skills required by managers who have teleworkers. Those skills are not necessarily skills that are either highly valued or present in the workplace in every manager, in that you are required to plan much more thoroughly, you are required to be much more formal about your communication and you cannot rely on the incidental passing in the passageway type of communication, which is very valuable. You also need to build a different type of team so that your teleworkers and people who perhaps choose not to work in that fashion do mix and do communicate.

Most people find that the best mix is to have teleworkers who come in and out so that they are not working from home the whole time, but it really does place a different set of pressures on managers in terms of the accountability of individuals, how they relate to them, how they make sure that they are not excluded, how they encourage their team to include them — that type of thing — and to ensure that the communication about what they are expected to do and when and how and with whom is very clear without relying on that 'By the way, did I mention'-type of incidental communication.

**The DEPUTY CHAIR** — How can that training be best provided, do you think?

**Ms NEDEN** — In the management courses people do, I think it will become a feature in terms of the way you communicate with people, because you are not only talking about communicating with workers in a face-to-face situation but talking about communicating with them in a very different type of situation. Another element of that is the use of Skype, or telepresence, in terms of a manager working with people who are working away from the workplace as well. Those skills will need to be cultivated and will need to be featured as part of management training going into the future.

**Mr DRUM** — Do you think that, if we were to look at all the spectrum of things we might be able to do or could do and if we were to concentrate on highlighting the commercial benefit of teleworking, then the various companies or various departments or whoever it is that gets the message will then take the necessary steps on

their own so that they will increase the managerial skills of their managers and they will increase the IT literacy of the workers? I think the thing that is missing at the moment is that it only seems to be the innovative companies and the innovative leaders that have actually got it and realised that there is a better way in many instances. It is just stalling a bit — or it does not stall, but it has not quite taken off yet that there is a better way of doing these jobs, and that might mean leaving these people at home to work.

**Mr VINES** — Yes. Some people would argue that, to some extent, if you do not have the highest speed broadband in the areas where you are wanting businesses to take on these sorts of activities, then you might be jumping the gun a little bit, but I think we would take the view that it is really important that people start thinking about the issues even if they do not have high-speed broadband at the moment, because if you are starting to think about the issues, you are starting to think about how you can accommodate them and what you need to do to take advantage of them and so on.

**Ms NEDEN** — I think the only argument is the commercial argument. If you are trying to persuade people to move in that type of direction, it has to be related to their business and it has to be of commercial benefit, as you have suggested.

**Mr DRUM** — If you do win that argument, or if you can convince them, then they will put in place all the other steps to bring it about.

**Ms NEDEN** — Yes, because you are talking about things in some cases that we have in the workplace at the moment, but we do not have to have them to a refined state. We all talk about shared files. It is not a disaster if someone does not share or if someone keeps a separate file, but if you are talking about teleworkers and mixing your workforce, then it becomes critical. Simple things like that need to be focused on in a different type of way as you move into these different, more flexible arrangements.

**The DEPUTY CHAIR** — Who has the responsibility to promote that more in terms of getting business to understand the potential that is out there for it?

**Mr VINES** — That is a good question. I think NBN would say that it is not their responsibility; their responsibility is to build the infrastructure, so it is somebody else's. I guess what that would really require is leadership from government, from industry associations and from local government, because what we have found is that a lot of businesses are not even thinking about the opportunities. It requires a little bit of leadership to get them to the stage where they start thinking about them, so that is a role for government — and the industry associations as well too. The industry associations can potentially be the trusted intermediary, if you like, in this sort of activity, in that SMEs will probably take more notice of them than they will of government.

**Ms NEDEN** — There will also be a push from employees — young women with families wanting flexible arrangements and things like that. Older people, either staying in the workforce or returning to the workforce and having part-time arrangements so that they can do some of the things that they want to do but maintain an income stream, will be looking for more flexible arrangements as well. I think you will get the push from the workforce as well, but you have to have leadership in companies, people who respond to that in a positive way.

**Mr DRUM** — I think that push is probably already there, the desire among those who can see themselves doing work from home. There is just a need for the confidence to put the other stuff in place.

**Mr VINES** — In your work you have probably found that Kyneton is an example of a regional location that people are moving to. It is within commuting distance from Melbourne, but people are moving there so that they can telecommute, really, and perhaps come in to Melbourne a couple of days a week. Ballarat would probably be in the same boat and maybe Bendigo, although it is a little bit further.

**Mr DRUM** — That is right. Kyneton and Daylesford and other places which are an hour or an hour and 10 minutes away seem to be the places.

**Mr VINES** — Yes, that is right. People do not want to do that every day, but perhaps they are happy to do it one or two days a week if they need to. That I think really provides opportunities for those regional communities as well.

**The DEPUTY CHAIR** — Thank you very much for making your contribution and for that report you have shared with us. As you are aware, Hansard has been recording what you said and a draft copy of the transcript will come to you in a couple of weeks for you to just check that it does represent effectively what you have said. Then it will become a formal part of our inquiry. Thank you again.

**Ms NEDEN** — Thank you very much.

**Committee adjourned.**