# 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 I. Trezise |
| Mr G. Howard | Mr P. Weller |
| Mr A. Katos | |

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

Staff

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

Witnesses

Mr P. Walton, chief executive officer, and

Mr B. Fitzgerald, manager, digital inclusion, Infoxchange.

**The DEPUTY CHAIR** — Welcome to the Rural and Regional Committee hearings into the use of telecommuting and e-business to work remotely in rural and regional Victoria. As you are aware, the discussion we are having this afternoon is being recorded by Hansard. You are covered by parliamentary privilege in things that are said, and after the discussion, in a couple of weeks, a copy of the Hansard transcript will come back to you for clarification or for your approval. We are certainly pleased that you have both come along today to provide your views in response to the terms of reference of our inquiry. In starting off, I will get you to just formally provide your name to Hansard — and a contact address.

**Mr WALTON** — Peter Walton, CEO of Infoxchange, 33 Elizabeth Street, Richmond, Victoria.

**Mr FITZGERALD** — Brendan Fitzgerald, manager of digital inclusion, Infoxchange, 33 Elizabeth Street, Richmond, Victoria.

**The DEPUTY CHAIR** — We might kick off with whichever of you wants to speak first in providing a general overview and your initial response and then head into discussion from there.

**Mr WALTON** — I am happy to do that. Infoxchange's interest in telework is threefold. We have been practising telework as an organisation for almost 20 years now, with 20 per cent of staff on telework arrangements. We are also an organisation that supports not-for-profit organisations with their IT requirements, and that is a fundamental part of being able to telework from any position. The third dimension — of most interest to me — is that we are a not-for-profit organisation that promotes social inclusion and the importance of digital inclusion within that area. That is particularly relevant, obviously, to telework, because we are keen that telework is really seen as providing flexible working, not just for those who already have employment — it actually creates opportunities for those who are otherwise excluded from the employment market.

We have played quite a lead role with the department of broadband on the telework advisory panel. We have set up the workforce participation and social inclusion network — that really looks to promote telework. Specifically, that looks at people who are perhaps excluded because of location or excluded because of disability or inability to travel to work and people with carer responsibilities or other family commitments who find it hard to work. We have participated in research which has actually looked into this. We know, for example, that there are 340 000 people in Australia who would like to engage in work and could if facilitated through telework but are otherwise excluded.

We are looking quite a lot at the moment in terms of what some of the barriers to entry are for actually creating telework opportunities, be that around management — I overheard what Emma was saying before; I am sure there would be a lot of similarities — or looking at trust and looking at the technical requirements. We are thinking that if you located in a remote part of Victoria and you do not have the bandwidth, even if you have a connection, that could be a problem. Most importantly it is bringing it right back to basics — it is estimated that up to 90 or 95 per cent of jobs post 2015 will require ICT skills. If you do not have basic digital literacy, then that is obviously going to be a challenge.

I think it is really easy to assume here in Australia that the concept of the digital divide is not such a dramatic challenge, given that 79 per cent of households have a connection, but if you flip that over, 2.3 million households in Australia are not broadband connected and 1.8 million households have no connection at all. Even if you are on the right side of the digital divide, things are not necessarily equal nor future proof. We believe that there is quite a lot of work that needs to be done to really strengthen the capability to make people ready for work, and we also need to be able to create some of the opportunities where flexible working can help them gain employment, hence why I am often talking about flexibility for people who are currently excluded.

I think I would argue that, if you have a job already and you want to telework, the starting point is that you talk to your supervisor and say, 'Can I telework?'. If you are excluded from the workforce for whatever reason, there is often not an entry point. Jobs are not routinely advertised as being teleworkable, and even if they were, your ability to attend an interview would be difficult. There are a whole range of factors where we feel that more needs to be done to realise the potential of telework so that it is not the exclusive preserve of only a few — those who are in employment already.

There are a whole range of benefits, and we will probably see specifically the social inclusion dimension as being critical, especially parents returning to work, carers, those with a disability or people in remote and rural locations or a mix of those dimensions. That is probably where we are coming from.

**Mr DRUM** — Do you have any idea, Peter, of the quantum of people who may be in that disability sector? It is not one I had instantly thought of as a sector. I am mainly thinking about others.

**Mr WALTON** — KPMG did some research. We worked with them a couple of years ago — and their chief economist at the time, Nicki Hutley. They commissioned some research. They were estimating that 200 000 people with a disability in Australia — I do not have figures on a state level, unfortunately — who are not currently in the workforce would like to be, provided they have the right support. They took that a step further in terms of looking at what the productivity gains would be for the economy. You would think it was a no-brainer that you would go down that route, but I think that is why we are focusing on some of the barriers — what is preventing a state or a region capitalising on those potential productivity gains — and how you overcome those barriers. The figures in terms of numbers are pretty high. A logical extension of that would be 200 000 across Australia. Victoria and New South Wales would have the lion's share of that number.

**Mr DRUM** — What sort of specific work does Infoxchange do?

**Mr WALTON** — We are a social enterprise that does two things. We provide technology services to the not-for-profit sector, and that is major things. We have Australia's largest service directory for community services, Service Seeker. If you call up Lifeline, they access our data to provide counselling support. We run things like the Specialist Homelessness Information Platform with the Australian Institute of Health and Welfare — 1200 homelessness organisations report through a case management system that we developed — and a range of other services specifically for the not-for-profit sector or government client. With the New South Wales Human Services Network we are designing that project for them. That is one dimension — all around technology, but always with a social output in mind.

The second side is more of a purely charitable nature. We do digital inclusion projects. Here in Melbourne we have the high-rise public housing estates in Collingwood and Fitzroy. We have digital inclusion projects there which wired up the communities, did digital literacy training, affordable access to hardware, software and so forth in a consortium with organisations like Microsoft and others. They are the largest digital inclusion projects of their type in Australia, so we do things like that which are much more purely charitable. The reason we see those two things fitting together is that clients of not-for-profit organisations tend to be those who we would argue are more likely to be on the wrong side of the digital divide — culturally and linguistically diverse, single mothers, low-income households and so forth.

**Mr DRUM** — Does the low-income part of it play a big role from your perspective?

**Mr WALTON** — It does. We would break down the core components of digital inclusion. Affordability is one of the critical elements. I think affordability needs to be viewed in the context of an individual household's ability to deal with multiple facets of disadvantage. We find that that basic connectivity is essential for telework. We were thinking the previous government's NBN policy was going to be unaffordable, even at the basic level. That is important because you can have an entry point for a broadband network, whether it is the current government's or Stephen Conroy's version, and if it is compromised in terms of bandwidth and download and so forth, then it could potentially compromise the ability to effectively telework. The projections are that videoconferencing and things like that make employees feel included and not isolated; they are critical technology tools. Yet if you have a basic connection but you cannot run programs like Lync or Webex and things like that, then there could be a disadvantage. That does not apply to all jobs, but it would certainly apply to some.

There is an element of making sure that an individual's basic connection is affordable, accessible and fit for purpose. For the vast majority of Australians it is probably not going to be a problem, but if you are talking about opening up opportunities for those at a disadvantage in some way, then it clearly is, and there are still significant numbers of people. The other groups that we spoke about are in rural and remote locations.

**The DEPUTY CHAIR** — Have you seen any examples of that happening effectively, of people coming into the workforce as teleworkers?

**Mr WALTON** — There are plenty of examples, but they tend to be fragmented. I think it depends very much on individual companies and how engaged they are recognising the opportunities of telework. It comes back to management and trust and looking at having performance management systems which look at the outputs or the outcomes of a person as opposed to measuring their time in the office. There are examples of

where it is working really well, but Australia is at the low end in terms of uptake around telework, and that certainly needs to change. There are also good examples of some disability-focused organisations that have provided assistive technology and things like that to help open up opportunities — the Australian Network on Disability has some really good case studies — but they are few and far between really.

I overheard the last part of Emma's conversation. When we think about telework some people at least think it is a black-and-white issue, that you are either a teleworker or you are not. I would say that anybody who is going home and checking their emails is teleworking to some extent, and there is a continuum. There are those who do it full time, and there are challenges around that, and there are those, like Emma and me, who do it one day a week. Depending on the nature of the work and the nature of the position, there is not a one-size-fits-all approach to telework, and that is critical.

**Mr DRUM** — On the best aspect for government to assist, is there anything that you can see is lacking on behalf of government? Is it awareness, pure investment in technology, legislative or regulatory changes or just encouragement.

**Mr WALTON** — Probably all of the above. From a regulatory point of view more needs to be done. People are more mindful of the OHS implications of telework. There is the element of bringing up to date the legislation for a mobile workforce — effectively with tablets and mobile phones that is what we have become. If the government really wanted to promote it, more could be done in terms of role modelling acceptable practice around identifying which jobs are teleworkable and setting quotas within government. I know there are targets at the federal level, but if the Victorian government was to set targets and really hold itself accountable to that, that would help.

There is certainly more to be done, as we put in the paper, in terms of aligning some of the basic requirements within the government's own strategy towards telework and having a strategy for telework, but also aligning it with the Victorian government's ICT strategy to ensure that the basics of being connected are genuinely available to all. Beyond that, specific programs could be supported that would help facilitate it, be they targeted towards a particular segment of the community or a particular area to really nurture telework opportunities. It could be around bandwidth equality or making sure that people genuinely have access to the basics that would be required. It could be through training to ensure that basic digital literacy is available to target groups, or it could be around supporting some of the hub developments that we see going on.

A lot of the hubs that we have monitored around the world tend to be projected as something which really assists telework, but it is important to make sure that telework is genuinely accessible for rural locations. A lot of the hubs tend to be in central areas. A lot of the hubs in Melbourne tend to be in downtown Melbourne, which defeats the purpose of telework. When NRMA talks about building more roads, the counterargument is: why should you? Why are people spending almost as much time commuting as they are on annual leave each year? The change process is not really understood.

**The DEPUTY CHAIR** — I would have thought some people would be spending a lot longer in terms of commuting than they would be on their annual leave.

**Mr WALTON** — Indeed.

**The DEPUTY CHAIR** — Are you aware of any funding that is available to help people who are either socially or economically disadvantaged to improve their own connectivity?

**Mr WALTON** — Again, there are small bits and pieces. One of the things we try to do is to promote basic digital literacy skills, explaining them in terms of why that is so critical in today's society that it does not get dismissed as being an IT issue — it is not. Having basic digital literacy affects the way we live, work and play. It affects your ability to get a job, keep a job and engage civically and socially. They are core skills for 21st century living. There are things that touch on that. In fact we are trying to nurture a partnership with [name removed] at the moment to do something wide scale, but I think more needs to be done around affordability of some of the excluded groups.

**The DEPUTY CHAIR** — That is what I thought. There are certainly a fair range of training opportunities out there that people can be linked into. They might have the training, but then it is the access too.

**Mr WALTON** — We have seen how formal training opportunities, including those supported by governments around the world, are effective to a point. In the UK and the US they have gone a step further in terms of really looking at peer mentoring, recognising that formal training only goes so far. To really help people with confidence and adoption they need greater support at a different level. Again that is something we have promoted. We have just written a white paper, commissioned by Telstra, on digital inclusion that goes into some of these issues, which we would be happy to share with the committee if that would be of use.

**The DEPUTY CHAIR** — Yes.

**Mr DRUM** — Have you entered into any partnerships with people like [name removed] or anyone like that?

**Mr WALTON** — We are in the final stages. I am not sure if this should go into Hansard, but we are still negotiating a partnership looking at digital literacy. We also work very closely with Telstra; they are commissioning a white paper. We already do a range of other things with organisations like Microsoft. They provide discounted or free software to people who have a Centrelink card or who are on a Newstart allowance.

What we are trying to do now is to join up the pieces, because the hardware is one component, the training is another component and the bandwidth quality is another component, so creating a framework where that is easily accessible is something that we are trying to achieve.

**Mr DRUM** — If we all share the common goal of getting more people to work remotely, is the biggest gain going to be made by encouraging existing companies to start pushing more people to the home or are we looking at introducing a whole new wave of workers who never actually take up a place in the office in the first place?

**Mr WALTON** — Again, I would say that it is not one size fits all. The thing I would take out of that statement is that there needs to be momentum to demonstrate that it works, and that is what we are lacking at the moment. There are some organisations that practise it and practise it well. Microsoft has moved to full activity-based work; you go into the office when you need to. But they would be at one end of the spectrum in terms of technology, resourcing and so forth.

I think there need to be more case studies that demonstrate how telework works for small and medium-sized enterprises and how it works for people with their own businesses who do not necessarily want to have a physical presence but who could operate from home or other examples of people such as those with a disability where it opens up opportunities.

In terms of whether or not the focus should be on current workers, I think that is the easiest entry point. If more and more people are doing it, then the mindset of thinking 'Well, we could employ someone remotely or we could employ someone with a disability. We have all of these other workers teleworking; it is not that hard if you put the basics in place' would really help. But at the moment nationally we have less than 6 per cent of people teleworking formally, and that is way below what we are seeing in other countries in terms of really making better use of the technology that is available.

Emma again touched on this: the big shift that we need is a mindset shift in terms of management not assuming that just because you cannot watch someone working they are not working. We need mechanisms that develop the trust that supports getting better productivity out of workers. The evidence definitely shows that. Clearly it is not suitable for all jobs, but it is pretty compelling that when it is done right it works on multiple levels for individual companies and also the economy as a whole.

**The DEPUTY CHAIR** — Are their resources already existing out there in the regions that might be better utilised, whether that is libraries, schools or other facilities? We have talked a bit about the option of creating hubs in regions. Are you aware of some of those options that have worked?

**Mr WALTON** — There are. The library network is an obvious one, neighbourhood houses is an obvious one and the development of hubs. I think reimagining the role of some of those bodies or groups would be helpful. I think it would be quite good to have a network, for example, where someone could go to an interview near their home without having to travel a great distance. When you think about older workers, the percentage of older workers who would like to re-enter the workforce is high; we have over 2 million older workers who are willing to return to the workforce. However, mobility is a big issue or time is a big issue if you have carer

responsibilities. I think people are sometimes excluded because they cannot travel from a remote location to attend an interview. There are not really the facilities to go and conduct an interview somewhere nearby. You could possibly do it at your own home if you have the right connection, but I think that would be something where utilising a library network would be quite helpful. There are a range of things that could be done and different partnerships that could be employed.

The other thing I would say we need, and Ben Rimmer, the head of Centrelink nationally, is starting to think about this, is more publicly available wi-fi space and computers through government offices or in public spaces. There are some interesting trials going on in places like San Francisco where they are doing that. I think that is equally as relevant to a rural community as it is to downtown Melbourne.

**Mr DRUM** — I know that quite a number of cities and towns around Victoria are making various precincts wi-fi enabled to encourage people to bring their laptops or tablets down, have a cup of coffee, log on and create that smart town feel, so I think it is going to be a very common thing of the future.

**Mr WALTON** — We have been talking to the City of Greater Geelong about a demonstration project to that effect. With the declining manufacturing base and a shift to looking at other opportunities for employment and also the NBN early rollout schedule in some areas, there is an opportunity to create a demonstration project that brings together the ingredients of digital literacy, workforce opportunity and civil engagement. There are certainly models of smarter cities that are working particularly well. Victoria is doing elements of that, but to do it in a way that really demonstrates how teleworking can be genuinely transformative for work-life balance, economic gain and productivity and measuring would be terrific.

**Mr DRUM** — Yes, I think there will be so many more. If we can put the economic benefits to bed for the employer, if we can get that message out there that anyone who is doing teleworking is in fact increasing productivity within the workforce, I think most business will jump on board at that level. I think the work-life balance and all the other benefits will tend to flow as add-ons, but we are in tough financial times — it is tough for the business sector at the moment — and many businesses need to be convinced that this is actually a good move for their bottom line.

**Mr WALTON** — Yes. There is an emerging body of evidence that is supporting that, but it is more at the national level. There are bits and pieces. A lot of the work of IBES is terrific. In fact IBES and Infoxchange will soon be partnering on a telework and disability research project.

I think there is also an argument for government. It does not exist here at the moment, but other countries have actually been able to quantify the cost of exclusion where they flip it on its head and say, 'What are the general costs to society of not getting people engaged in work — the higher welfare payments and the transactional inefficiencies of working with people who are unemployed or unable to actually get work'. In the UK, for example, they have been able to quantify the gains to household income through getting people properly connected and employed and also the significant cost savings to government, be they transactional efficiencies or reduced welfare payments of some description.

As far as I am aware I have not seen any research like that in Australia, or not any that tries to capture it in one package. I think that would be quite interesting in laying that economic argument to bed but also showing the compelling case for investment in certain areas to promote it.

**Mr DRUM** — We have been asking if anyone knows what we currently lose in productivity because of poor mobile coverage and poor connectivity around the state. What is the cost to business on an annual basis? People say, 'We cannot do things that we want to do with our business because we're not connected because of the location of where we live or work'.

**Mr WALTON** — We worked with A. T. Kearney to evaluate our projects in the public housing estates, and with an investment of about $3 million we were able to quantify $13 million worth of economic gains to households. You could equally look at the transactional efficiencies of extending the coverage or getting bandwidth equality around a broadband network so people can engage, such as someone who has to actually take time out of their day to go back to a site where they can actually file a report or capture information as opposed to doing it exactly where they are.

There is an interesting project with a maternal and child health service in New Zealand, where they trained all their workers to be, effectively, teleworkers. They no longer have to travel an hour back to the office to file their case notes. It is all just done there and then, and they have been able to quantify huge savings. That is a sort of quasi-governmental organisation. That is where you can actually make a compelling case as well in terms of huge transactional efficiencies.

By extension, for the agricultural community and how it embraces ICT there are huge gains that could be made if the coverage, especially the mobile coverage, is sufficient.

**Mr DRUM** — Most of this stuff, Peter, just seems to need a blank canvas. If you look at any profession, especially this concept of where you go and do some work in the community and then go back to work to clock off or go back to work to report in or log your day's activities — —

**Mr WALTON** — It is that mindset shift.

**The DEPUTY CHAIR** — That is right.

**Mr WALTON** — And keeping pace with technology. We are in the early stages of realising the full likely benefits.

**Mr DRUM** — Thanks very much.

**The DEPUTY CHAIR** — We are just about out of time. I am wondering whether there are any further comments you might want to share with us.

**Mr WALTON** — We have put some recommendations in the paper. I am not sure if there is anything else that was not covered.

**Mr FITZGERALD** — The only thing is the role of local government, and whether the state government could actually think about encouraging local government in certain ways to create smart towns, teleworking hubs and so forth.

**The DEPUTY CHAIR** — Indeed, and business communities can follow on from that too, because there are clearly advantages. Some local governments and their business communities see opportunities. Rather than people travelling away from the centre to work, to be able to stay and therefore buy locally, they promote that, but they have not necessarily seen the opportunity to promote teleworking in their own communities.

**Mr FITZGERALD** — Exactly, yes, so it is the chance to lead on the ground, if you like.

**Mr WALTON** — I am not sure whether you have a copy of KPMG's productivity report around telework. They have some interesting statistics. It may have been disaggregated to the Victorian state level, but it looks at the increases in economic activity around increasing participation rates within the workforce. It is very interesting.

**The DEPUTY CHAIR** — If we have not, we can certainly follow that up with you. Thank you very much for your contribution. As I think I mentioned earlier, the copy of the Hansard draft will come to you within the next couple of weeks, and you can obviously ensure that you are satisfied that it represents what you said, and then it will become part of our formal deliberations. Thank you again for coming in. It has certainly been interesting, and there may be some issues we will want to follow up with you on.

**Mr WALTON** — A pleasure. Thank you.

**Witnesses withdrew.**