

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

Newhaven — 10 September 2013

Members

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

Mr I. Trezise
Mr P. Weller

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Witness

Mr T. Tamlin, chief executive officer, South Gippsland Shire Council.

The CHAIR — Welcome, Tim, to the Rural and Regional Committee’s inquiry into the opportunities for people to use telecommuting and e-business to work remotely in rural and regional Victoria.

Mr TAMLIN — It is a pleasure. Thanks.

The CHAIR — We have two apologies today — Mr Damian Drum, a member for Northern Victoria Region, and Mr Andrew Katos, the member for South Barwon.

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 address?

Mr TAMLIN — Tim Tamlin; my address is South Gippsland Shire Council, 9 Smith Street, Leongatha.

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

Mr TAMLIN — I do not mind; as we go is good. More of an informal discussion is what I had in mind. I have seen that you have received lots of submissions from various groups. I am also a member of RDA, so I am aware of the submission it has sent in and also the Gippsland local government network. I take it that you have all that information. I did not want to go over that again. I thought it would be more interesting to bring more of a local perspective to some of the challenges that we face in a rural area, if that is okay.

The CHAIR — That is fine.

Mr TAMLIN — First of all, referring to the terms of reference, (a) talks about ‘identifying the potential benefits of rural and regional Victoria if more people were able to work remotely’. To me there is an assumption in there that there is full mobile coverage in the area, or is there not that assumption?

The CHAIR — No, there is not that assumption.

Mr TAMLIN — That is right — we do not have full coverage. In South Gippsland especially, because it has hilly terrain, the sight distances for the mobile networks are compromised, because they need line of sight. When you have your fibre or copper to bring ADSL or internet speeds in, there are restrictions on that sort of technology infrastructure as well. Just to make things clear, to me in my mind when we talk about opportunities to work remotely we are talking about the 3G network or the Next G network, which is your wireless, mobile phone type of coverage, which this little guy, my iPad, is running on. Whereas if I was in my office, that would be hooked up to the office wireless network, which would then be feeding into the copper system and accessing data to the internet that way. They use two different channels, depending on where you are.

In rural and regional Victoria we are limited by the copper or optic fibre, which is obviously going to be the best way forward, but using ADSL and the like first over the copper to get that working. So you have to compromise with your bandwidths and your speeds and then of course your mobile network. Some of our towns do not have internet coverage at all, so about a third of them do not have coverage. Dumbalk is a little town, and mobile phones do not work there.

If I am travelling from Traralgon to Leongatha, on the way to Mirboo North, just through the hills there, it drops out. There is no coverage for a couple of kilometres. They are the sorts of things that can get interesting for us. I thought it was interesting to just stop and reflect. I have some documents to hand around.

We are here today to talk about technology and how it can be used. If we have just a bit of a reflection on what we have done as far as waves of innovation go, when I was driving here I was reflecting on when I was at primary school. Photocopiers were not really around then; you had the old thing, you used to turn the handle, it had the purple ink and you got the methylated spirits smell flowing. So there was that technology. Then the photocopiers came in and then we saw the fax machines came in. Then it was, ‘Wow, there’s a mobile phone!’. I can even remember when calculators came in. Then in the early 1990s computers started coming in and we started to set up basic spreadsheets to help us with our work which helped us with our decision making.

If you look at the diagram that I have just handed out, ‘Waves of Innovation’, we are now at the 2013 mark, where the green is. We are at the digital networks information technology wave, near the top of it. It has become a way of life. It is something that is just there for everybody. It is not an option anymore whether we need these

things in our communities and our society; it is a necessity. I started to investigate how I could help South Gippsland get up to speed with these technologies. I am talking about just the council now, our information technology, which is having a bit of a struggle. I was looking at how I could get faster internet connection speeds, because our providers did not really have the technology or, let us say, the amount of money that it was going to cost us to get our bandwidth to be able to get our data flows happening. That was not very feasible 18 months ago. That has changed a bit now.

When I started looking at it, I saw that the hospital network uses a microwave linking technology. It uses a company called Virtel. You can see those big black domed sort of satellite dish things on the big towers. They link up all the hospitals. I saw a presentation by Virtel when they were demonstrating to us how they have connected the hospitals with all this technology because they need their fast speeds. They need to get their X-rays through, they need to get their videos and their information technologies through to be able to provide the services that they provide. They have big speeds such as 100 megabits per second, things that we dream of at the moment but are probably just around the corner. To me it is as if the hospitals are showing that it is a necessity; you cannot run a business without it. When people's lives are on the line, the money is there and it happens. The point is that it is a necessity, we need to have it and it is just a matter of getting the economics to drive it.

The CHAIR — How do we get the economics to drive it?

Mr TAMLIN — Yes, that is the key. For me, I suppose it is the economics to drive everything, and that is why I see local government's role as a key role as a facilitator to help the community voice its need for this type of functionality for people to be able to do their business. People get by until they can afford to do it. People in small business are not going to invest megabucks, because they do not have the capital to do that. How do we get people to invest in these big technologies?

Mr TREZISE — Is it also an issue for small businesses that they need their own knowledge, for example, of how they could use technology? As we have heard, a lot of people run their small business from day to day with a shopfront but are not aware of or educated in those technologies and how they can promote their businesses.

Mr TAMLIN — That is very true. I think Peter Francis would have spent some time on the engagement program that we have had running in Gippsland, where they have been running around talking to communities to get that level of awareness up, which would then try to hit the tipping point. It really is like a tipping point thing. Once it hits the critical mass, it will just happen. The hospitals have hit their critical mass with their network; they have found the drivers there.

It will slowly get there. When the fax machines first came out, you would get two or three fax machines that cost a fortune, but no-one had any, so they were not any good to anyone. Then it hit the sort of critical mass where fax machines became necessary to do business and they took off everywhere. They were cheap; you could buy them fairly inexpensively. I suppose the same applies to DVD players, Blu-ray technology and all those sorts of things. As soon as they hit their tipping point, they are off, but it is actually stimulating the communities to increase the demand to get to that tipping point. It is a bit of a tricky dynamic.

I suppose the key points for us, as I have mentioned already, are that about one-third of our towns do not have any internet coverage, full coverage does not exist for the next G networks and there has been a low take-up by our communities because of I suppose availability and also the understanding of how it would apply. I think frustration kicks in as well. If someone is keen to get on and get it happening, you get caught up with problems and technology which then gets expensive and they tend to shy away.

Opportunities for working remotely are absolutely enormous. Imagine if today we were doing this remotely. What are the travel times for everybody to come here and then go away?

The CHAIR — It would not be the same.

Mr TAMLIN — No, it is not the same, true, but if I look at the number of meetings that I go to that are all over the place — there will be one at Traralgon and then Leongatha and everywhere — I think that videoconferencing is a bit of a no-brainer, really. There is very much more benefit.

For me the trouble with the low bandwidth and connectivity is connecting with our council. Some of our councillors live in areas that are not very well serviced. One in particular lives on a property where he uses solar panels. He is not even on the grid. For him to get his council documents — and he is very IT savvy — he will come into a wi-fi zone so that he can download it all or he has to go through the dial-up thing at home, which takes forever when we are talking about the size of the documents we have these days. That sort of thing is still happening out there.

If I may indulge in some things that are closer to the home, referring to my house, my wife is a teacher and I have two daughters, one is in VCE and the other is at uni, and my son, who is also in the workforce but is very IT savvy. At home we have our wireless network set up, and we all have wireless devices to use even if we are not on our wireless network at home. For example, my daughter who goes to Melbourne University is on the train from Pakenham — we live at Pakenham — to the city most days, going backwards and forwards. She reckons that the train is fantastic because she gets into her computer in a quiet spot, hooks up to the network and away she goes. I think the productivity in that in itself is huge. She can pick up two hours a day in quiet study time, which is gold. Otherwise you have to go and sit in a library to do things like that.

With my daughter in VCE, they have iPads as part of their course. Everything comes on the iPad now. That has been a bit of a struggle, shifting from a paper system and textbooks straight to the iPad, but she is transitioning into that. Without the bandwidth and the speed, that is just not possible, either — and it is very dependent on having a good school system to support her with her systems, and that still has its teething problems.

I have already mentioned my wife. She is a high school teacher, and I reckon that she would spend at least 12 hours a week at home, hooked up wirelessly back to the school's system, marking tests, setting exams and doing whatever she does. That is necessary for her to be able to get her job done effectively.

The CHAIR — You have told us all about why you need to do that. Are there any businesses in South Gippsland that are operating now, with the current technology, that have brought jobs?

Mr TAMLIN — There are a few little ones. I could not name them specifically, but I am aware that there are a couple in Mirboo North, up around that way, that I have heard about, but I do not actually have the specific details which I could quote. I would welcome the opportunity to get back to you with further info if you — —

The CHAIR — Is there an opportunity to grow that in that area in South Gippsland?

Mr TAMLIN — There could be. I would have to look at the specifics of the businesses.

The CHAIR — All sorts of businesses, not necessarily the same business now.

Mr TAMLIN — Yes. Some of the local businesses are finding that online shopping has been competitive. They do not know how to tackle it, because they would need the same sort of platforms to be able to compete in that area. That has been detracting from their business.

Mr TREZISE — What about the opportunity of people telecommuting, living in and around the local area who normally, perhaps, work in Melbourne and have the opportunity of telecommuting?

Mr TAMLIN — We do have a few of those — for example, Venus Bay and Sandy Point. There are a number of people who have their holiday homes in those areas. Venus Bay — I suppose it is a bit like Phillip Island, really — has a population of around 200 people during the normal part of the year, and it will go up to 2000 in the holiday periods. Venus Bay's coverage is pretty poor as well, but there are a few people. We actually used some consultants who have holiday houses and things like that, and they will come down. If they have a meeting with us, they will work there, come down on the weekend and maybe have a meeting or two on Monday and Tuesday before they head back to the CBD — back to the city. So they do do that.

The CHAIR — With your areas where you say you have black spots and poorer areas, has the South Gippsland shire thought about hubs?

Mr TAMLIN — Yes, very much.

The CHAIR — Other municipalities have talked about having a hub in the town, where, if I were growing blueberries or something, I could come in and market my blueberries at the hub or whatever.

Mr TAMLIN — When you said ‘hub’, I took it that you meant like a wireless network in the town centre. There are other things. We have these Grow Local produce stalls and things. They do all that.

The CHAIR — You can talk to us about all those things.

Mr TAMLIN — One of the things we are looking at at the moment goes back to the economics of local government and the constant cost pressures we are under, with the rate rises that are sitting around 5.5 to 7.5 per cent across the municipalities and legislative changes. People say, ‘Why do you keep putting your rates up so much?’. Well, simple things like that we used to be able to go out and grade some of our back roads with a grader and a man in it, but now we need to send out another two men and a truck with the stop-go signs for traffic management in the event that a car might come around the corner, and it has now been deemed as an OHS risk, which is fair enough. We need to respond to these sorts of things, so the cost goes there.

You would no doubt be aware of the other keys to local government as far as cost shifting goes. Some examples might be the recent change in legislation that sees local government pick up roadside weed management, but I do not want to go on down that track; we will stick with this one. How do we deliver services more effectively and efficiently? The wireless networks and technology are a very big key. If you look at — —

The CHAIR — Some other municipalities have seen that, if the service is reasonable in the town, to have a hub where people who live perhaps 5 or 10 kilometres out but have, as you say you have, black spots, they could come in and use the facilities there.

Mr TAMLIN — And use a wireless network?

The CHAIR — Yes.

Mr TAMLIN — Yes, for sure. They can do that now at McDonald’s stores and places like that; they have wireless networks set up. But with a wireless network, for example, you would have trouble downloading big documents because you would cap it. Otherwise people would come in and download movies and recreational pursuits, which albeit might be good, but who should bear the costs for recreational pursuits? Should that be the local government that is trying to stimulate economic growth and support business?

The CHAIR — We are here as the state Parliament looking for suggestions on how we could help to grow it.

Mr TAMLIN — Yes. That is when you do it. When you put a wireless network in place like that, it would have speed limits on it so you would not be able to download gigabytes of data.

The CHAIR — What about if it were a fibre-connected facility and you could measure it or whatever?

Mr TAMLIN — Because of the cost of the actual data transfer from the current suppliers, you would probably be able to set up some way where people could log on and you would know who they are and they might have limits, but you would need some controls in place, otherwise it would cost a fortune because of the current usage charges for data from the providers. That is what I would think, but it is definitely a go.

Where I was going was that, with our network at work, we have a lot of money invested in servers and computers to run our systems. The first step we need to look at doing is why we are in the business of buying all these servers, which might cost \$300 000 to set up, to run a software system for finance and community services or something. Why do we not just lease the data off a supplier? So we use data as a service; all our data, instead of sitting in our technology, sits in a data warehouse in Melbourne, for example, that then gets backed up and is secure data. Data as a service is the first step where we are headed. When we do data as a service, that gives us our internet speeds, because you cannot do that without good internet speeds. That allows us then to get our wireless technology working in some of our towns. We were looking at setting up two of our mountain towns as a demo area to start with.

After data as a service is done, you can then talk to providers about software as a service. Instead of having Windows and, say, Excel and Word and all those software packages sitting on your hard drive, you can lease

them out of the internet provider and just log in, and there they all are. It is all a virtual environment. Once that happens, it then hits your tipping point thing. As people start to embrace that across the different local government areas, you will start using the same operating systems. At the moment everyone uses slightly different operating systems and processes. Therefore, moving to a full shared-services model where, for example, Bass Coast and South Gippsland are using the same finance system — why do we have two finance departments; you probably do not need two finance departments anymore; you can probably get away with one — cuts down your administration overheads, which then leads the way to getting more efficiencies for local government.

The CHAIR — So you can grade more roads?

Mr TAMLIN — Yes, and build more footpaths and do all those other things. Speaking of roads, I have one other little photo. This is the sort of stuff that our guys go out to assist with. We had a maintenance call-out — windy weather with trees getting blown over. Our guys went out to Mirboo North to respond in the wind, and we have now said that people do not do that anymore, because while they were away from their truck a tree came down and smashed their truck. They then had about a half-hour walk to the nearest farmhouse to call for assistance. This is the sort of stuff they are confronted with, and if you are stuck in this and you do not have any mobile telecommunication, it can be a little bit more of a challenge than what it probably needs to be. That really covers my key points.

The CHAIR — You are also on the RDA?

Mr TAMLIN — Yes.

The CHAIR — What are they looking at across Gippsland?

Mr TAMLIN — They have pretty much the same as the GLGN outlook. It is around how you facilitate businesses to take up the technology to drive the need to drive the investment to make it affordable. That is the RDA approach. We do have some businesses that are moving into that area, but not by big leaps and bounds. I looked at, for example, the Korumburra saleyards, which is owned by a private investor now. It is only a couple of kilometres from the exchange in Korumburra. I thought, 'Right, here's a great opportunity. Why don't we find something like a pharmaceutical manufacturer which uses high technology that can then move into Korumburra — it's a couple of hours from the Melbourne CBD — get the fast internet speeds happening there and get a manufacturing facility happening? Housing is very affordable. It's a lovely area to live in. Let's get that going'. But it is about finding the businesses and the people who want to invest in doing that. I had a few talks with a few people to try to see what could happen, but there is nothing there at the moment. That does not mean that there will not be tomorrow.

The CHAIR — What marketing points do you use when you are trying to attract businesses there?

Mr TAMLIN — It is the cheaper housing and the wonderful lifestyle — it is half an hour from the beach. You also have to have the internet connectivity and the fast speeds to make that happen. Land is available; it is a greenfield site.

The CHAIR — It sounds good in terms of why you would want to live there, but a business would want more than just wanting to live there to relocate there.

Mr TAMLIN — Yes. Because you have a greenfield site and you are able to build your facility to meet your technical requirements, there is room to move, grow and expand. There is no doubt that you would find that closer to Melbourne, but you would also find that the property and land values would be a lot higher, so there would be cost advantages in being able to set up out there, and I think it would also attract people for the lifestyle.

The CHAIR — So you would not have to pay more freight?

Mr TAMLIN — You would have more freight, yes, but if you are doing a pharmaceutical product such as manufacturing medical supplies, we are not talking bulk goods; it is more specific niche marketing. They are just some ideas.

The CHAIR — Would you like to leave us with any final comments, Tim?

Mr TAMLIN — No, I think that has pretty much summed up what I wanted to put across, thanks, Chair; it has been good.

The CHAIR — Thank you very much for coming along today.

Mr TAMLIN — It is a pleasure.

The CHAIR — And thank you for taking time out of your very busy and very important schedule —

Mr TAMLIN — No more than anybody else.

The CHAIR — and for giving us advice here today. In about 14 days time you will get a draft Hansard transcript. You will be able to make corrections to obvious errors, but other than that it will be as it is.

Mr TAMLIN — Lovely. Thank you.

The CHAIR — Once again, thank you very much, and all the best to the South Gippsland Shire Council.

Mr TAMLIN — Thanks again for the opportunity.

Witness withdrew.