

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

Port Fairy — 7 November 2013

Members

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Witnesses

Mr B. Anson, chief executive officer, City of Warrnambool, and chair, Barwon South West RDA; and
Mr A. Paton, executive research officer, City of Warrnambool.

The CHAIR — Welcome to the Parliament of Victoria Rural and Regional Committee's public 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 the relevant Australian law. I also advise that any comments made outside this hearing may not be afforded such privilege.

Bruce, for the benefit of Hansard, could you please give your name and business address.

Mr ANSON — Bruce Alexander Anson, chief executive officer, Warrnambool City Council, and chair, Barwon South West Regional Development Australia Committee.

Mr PATON — Andrew Paton, executive research officer, Warrnambool City Council.

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

Mr ANSON — I am happy to have a general discussion. We have a few points that we would like to make. Please feel free to chime in at any stage.

The CHAIR — That is fine.

Mr ANSON — I know this is dealing with telework, but the first thing I would like to talk about is the opportunity we had due to the unfortunate Telstra fire. Our exchange was destroyed and it was out of service generally for a three-week period. It was an interesting learning in emergency management. There was no 000. Police shared one mobile phone. Ambulance staff queued to buy Optus phones. It was three weeks before my landline was working again. I do not think the impact was known outside of Warrnambool. There were no emails; the ATMs did not work; supermarkets and businesses were running on IOUs; the town ran out of cash; so it was a major impact not known outside, and there were some really interesting learnings from that.

If I may, I would like to get this on the record. When such a disaster occurs, there needs to be an independent source that provides the advice to the community rather than the company, even though it is specialised, that has a brand name and a reputation to protect, as well as being the manager of the emergency service. I cite the example that we were told initially the system would be out for about three days; it was three weeks. On day 1 there was a proposal to bring in automatic teller machines that basically sit in a shipping container, but because they thought it was only going to be three days, or were advised it was only going to be three days, the shipping containers with ATMs were not brought into town, and the town effectively ran out of money. You could only get \$100 out of the bank manually. That does not fill your car. In my view there needs to be, when such an emergency happens, an independent authority, be it federal, because it was a federal department, that actually provides the advice to the community on the actions taken, not the company involved in the disaster.

Out of every dark cloud there is a silver lining, and ours is that we have the most advanced telephone exchange in regional Australia. Everything in it is new.

Mr TREZISE — Bruce, what is put in place? You have the new exchange, but what is put in place as a backup?

Mr ANSON — What is put in place as a backup is a workaround the Warrnambool exchange. It is not possible, according to Telstra — or, sorry, it is not affordable to the community — to have a complete duplication of exchange, but what they have done is a workaround so that if a fire happens again in Warrnambool — because it took out Warrnambool, Portland, Hamilton, halfway to Horsham and out to Harrow, so it was a broad section, 100 000 people were without telecommunications for the best part of three weeks.

There are some who do not have mobile phones. Mobile phones gradually came on. I do not want to be overcritical of Telstra. The fire happened and their response from a technical point of view was fabulous. They built a new exchange in three weeks; that normally would take them eight months. What they did was very impressive. But the management and the information flow are what I am critical of.

Mr PATON — I would just add that the economic impact of that outage was the source of much discussion. Telstra recently announced that, to date, they have paid out some \$7 million to businesses in compensation for

lost business during that period. In terms of the scope of this inquiry, that certainly brought home to us the importance of telecommunications — when an event like this does occur, it can really send the economy backwards.

Mr ANSON — Yeah. I mean, in terms of patients being released from hospital and accidents, there was no mobile phone service, no emergency service, no 000. It caused a fair bit of inconvenience to local government, to the health services, ambulance services et cetera, but again, Telstra got through.

As I said, the result is that we have the most modern exchange. Under the former federal government's NBN policy, Warrnambool was unlikely to receive an NBN service until about 2022. We were well down the line. According to NBN that was primarily due to the engineering requirements, but discussions we have been having with telecommunications companies suggest that we would be the easiest exchange to roll out the government's fibre to the node. That would bring Warrnambool and the region about eight years forward up the NBN list. So we are working with the telecommunications company and presenting a case to the federal government for us to be the trial rollout centre for fibre to the node.

Mr TREZISE — When you say 'the region', Bruce, you are talking Warrnambool to where?

Mr ANSON — It extends across to Port Fairy; I do not know about Portland or Hamilton, I do not know enough about that area, but certainly Warrnambool and immediate surrounds. They believe that the exchange, as I said, is now the most advanced exchange in regional Australia. We think it is an ideal site because it has a mixture of commerce, tourism, major health services, major education facilities and 35 000 people. So it has a nice mix to roll that service out to. We think that is critical. My concern is that Warrnambool businesses would not be competitive if we were eight years behind in the rollout of infrastructure. I suppose my view on the NBN is that fibre to the house would be the best service, but if it is eight years late, I think it will be too late. I think a more universal rollout would be more beneficial — a universal rollout that can be upgraded later if required. That would be my personal view, not necessarily council's view. We think that is a real opportunity.

The next thing is the importance for us of Deakin University, and the need for Deakin University — not just the campus but the community — to have access to high-speed internet. Currently international students are not necessarily attracted to Warrnambool because our telecommunications are second rate compared to what they are currently used to throughout Asia. Deakin University is a major employer, and we are trying to work with it to continue to grow the campus. I think we have 1200 students on campus, and we would like to get that up to about 2000, which would make it a more viable proposition for the university.

Again I think telecommunication is vital from a tertiary education aspect to our ability to attract tertiary students into our region. If I may stray into education for the moment, we have quite poor education attainment across the region. If we look at year 12 attainment, the federal and state government COAG target is 92.5 per cent. Currently Warrnambool is 60 per cent and Glenelg is 50 per cent. This is something we must address. Again I come back to the fact that I think IT is part of that.

If you are a student in Portland and you want to attend Deakin University or South West TAFE college in Warrnambool, you hop on a bus at 3.45 a.m. to get into Warrnambool at 5.30 a.m. for Deakin or TAFE to open at 9.00 a.m. The students do not do it. I know this is a bit off —

The CHAIR — Why does the bus run at that time — so it gets you to the train that goes to Melbourne?

Mr ANSON — The train leaves at 5.30. There is a whole bundle of interrelated issues that work against education. We are pushing for more trains — while I am here — and we would love five trains a day to Geelong. We have changed our strategy of getting trains to Melbourne. Rather, we now see the best opportunity is getting trains to Geelong and then we basically get a metropolitan service, as opposed to trying to get a train all the way through. It requires a change of carriage, but I think that is a better outcome. But anyway, that is off the side. Public transport support is something that is important to us. The needs of Deakin University students are critical.

I will pass a photo around, if I may. I would like to talk quickly about the need for smart food. I was fortunate enough earlier this year to go to Shanghai. The photo that is being passed around is of Shanghai in 1990 and Shanghai in 2010. It is not a confronting photo. It is what is happening in the Chinese world, and that is happening right throughout China. We have a sister city that has picked us. It is a city called Changchun. It

picked us because it has a lot in common with us. It is a small regional city in the north-east of China, up above or near Vladivostok and near North Korea. It has a population of 7.5 million people, 30 research institutes and seven universities. Australia produces about 260 000 motor vehicles. Changchun produces 2.8 million Audis, Mazdas and Volkswagens.

Reflecting on that, when we started to look at our region — and the part of the region I am talking about is from Camperdown through to the border rather than the Geelong area, because I think it has a separate set of issues and solutions — we saw that our future must be about food. Changchun is interested in us because of protein — milk, meat, fish et cetera. Our future is going to be about food and smart food. We are not going to be able to compete against Shanghai or those sorts of cities in terms of attracting manufacturing industries into the region. Warrnambool will survive well as a service town for education, health, law et cetera, but for the region to thrive it must be on the basis of clever food, smart food. It has to be on smart marketing, it has to be on niche markets and it has to be on advanced farming rather than traditional farming. That will come down to good access to information. There will have to be bigger and smarter farms and supply chains. It is not just about the farmer, but it is about the likes of Midfield Meats and Warrnambool Cheese & Butter — or whatever it may be called in a few weeks time.

The future of the broader region is heavily tied to smart food, and smart food will come on the back of access to information. That is probably where we see our future and where we see the importance of the opportunity to grow — that is, logistics and just-in-time delivery of products onto the docks. We need to have clever and efficient information flows so that the goods can get to where they need to be when they need to be there. For example, if a truck goes onto the dock and it misses its slot, it can sit in a queue on the docks for a day and a half waiting to be unloaded with a container of meat from Midfield. That means there is a driver sitting there. He is probably over his 12 hours of driving, so they need another driver, and the truck asset is tied up. Smart logistics based around technology is an integral part of our future.

The CHAIR — That is good. The smart logistics would be your Midfields, Warrnambool Cheese & Butter, or as you say, whatever name it has in the future — —

Mr ANSON — Yes. Murray Goulburn.

The CHAIR — Murray Goulburn, and Fonterra — they would manage and implement those?

Mr ANSON — Yes.

The CHAIR — Has RDA thought about how the whole region could benefit from telecommuting? It could open up opportunities in the whole region. People would not have to live where they work and it would attract professionals into the region. Their spouse may not necessarily have a job on offer in Warrnambool, Camperdown or Portland, but telecommuting opens up opportunities for people to work.

Mr ANSON — We are seeing isolated incidents of where that is occurring. Certainly if you look in and around the Colac Otway shire, Forrest et cetera, we are getting examples of where people have moved out of the centres. It is interesting to note that the fastest growing segment of Warrnambool's population is the 20 to 40-year-olds category.

The CHAIR — Right.

Mr ANSON — Yes, not retirees. That is changing our planning. For example, more kindergartens are being planned. People are coming back into our community and starting their small businesses. That is being driven by lifestyle. Technology is part of that, but it is not the sole driver. In my view lifestyle in terms of good schools, great health services and good public facilities is the driver of our growth. We are having no trouble attracting the surgeons, the accountants and so forth. Our hospital has just recruited its third oncologist.

I think it is a total package, and if you have the package, and that includes telecommunication, those opportunities open up. A number of people operate small businesses and some small international businesses locally.

The CHAIR — What types of businesses are they?

Mr ANSON — A lot of them are based on writing apps, program support, writing programs or assisting in writing programs worldwide. I think it is possible. With the NBN fibre to the node there are still restrictions currently because of cost. You can get pretty good download speeds, but it costs a fortune if you are with Telstra. I think the rate is three times the cost of Melbourne — two to three times. I have been told that, and I believe it to be true. Some businesses are restricted. There is an opportunity that we currently have because we have a fibre that has now just been rolled out along the track, which will be taken up by TAFE. We are trying to work out whether we look to do a program to run that through our CBD in the next 12 months or whether fibre to the node will be in town in the next 12 months anyway. We are trying to work out the lay of the land to work out which decision we should be making.

The CHAIR — When it comes to telecommuting, some employers say it is hard to measure productivity. Does the City of Warrnambool have a telecommuting policy within the city itself?

Mr ANSON — No, I like to keep them under control. I am not very good at it! No, we do not, but if people have special projects, we allow them to work from home, mainly on projects. The world of telecommunications and email is interesting. Some of the bigger companies are moving away from telecommuting because of the social interaction. We are social characters. But we allow people to work from home if there is special work or special reports that we need, but generally they will rock in. But we use telecommunications. Our home care workers get all their lists of work electronically and submit their timesheets and billing sheets, which are also electronic, back into our system. We do our outreach work by that method, but a lot of our work requires planning and building — it requires a public interface.

Mr HOWARD — In terms of your businesses, which no doubt includes farms, do you keep an eye on how IT savvy they are? Obviously you will have some that are front end of the spectrum, but a number that may not be. What are the opportunities then for either the RDA or councils or working in conjunction with other organisations to challenge those business operators or give them the opportunities to upskill, to ensure that they are taking advantage of the best forms of IT that would help their business and help productivity in this region move ahead?

Mr ANSON — Our economic development unit keeps regular contact with all our businesses, and we do put on a series funded through — I have forgotten the business names, but we put on a number of seminars on business technology, how to run your business et cetera. The best thing we need to do that we do not currently do is actually expose people to the new way of thinking and the new way that services will be delivered. I do not know whether you have seen a TED TV show called *Epic 2020* on the future of education, but it really is a colossal show that is worthwhile watching. It goes for about 10 minutes. The other one is on 3D printing. There is an excellent one on BBC where they made a bike. If you have not seen it, I recommend that you have a look at it. It will be about exposure, more importantly to our schoolkids and our younger people, of the opportunities that exist in the new way of thinking and manufacturing. But I do not think we do enough in that space.

Mr HOWARD — Is there an opportunity to use some of the better performers in the region — the more entrepreneurial people — as ambassadors, as well as maybe networkers, so that you can tap into what they see as the key issues that are needed and try to develop the opportunities through them?

Mr ANSON — I think that is a space we have to move into.

The CHAIR — Do you want to add to that, Andrew?

Mr PATON — We are looking to develop that champions group, or reference group, which I think is needed in this region. We would certainly encourage the continuity of state government-based development programs around business support. I think we are particularly interested in developing the community capacity in this area, not from the top — I do not think it has to be a supervisor-driven type of program — but from grassroots areas; and we are getting significant interest from not just SMEs but small business operators who want to know more about this. So I think there is a big demand for those sorts of programs that we would like to get onto our business support program sooner rather than later.

The CHAIR — It has been very good, Bruce and Andrew. Do you have any final comments you would like to leave with us?

Mr ANSON — No, other than that we have to be a smart economy, because our future is about being clever — being clever with logistics, being clever with food and being clever with how we deliver our health services. That does rely upon information. You guys know this, but it is about how we are going to prosper as a country. If we are not a clever country, we are in trouble. IT and access to information is how we are going to deliver that.

The CHAIR — Thanks very much, Bruce and Andrew, for coming in and giving a presentation, particularly the smart food and smart logistics; I have noted that down. It is all very good. In about 14 days time Lilian will send you a copy of what Hansard has recorded. You will have an opportunity to correct obvious errors, but other than that it will be as it is. Once again, thank you very much and all the best to the RDA and the City of Warrnambool.

Witnesses withdrew.