

# 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**

Traralgon — 11 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 R. Elkington, chair, and  
Ms J. Oakley, regional director, Regional Development Australia Gippsland.

**The CHAIR** — Welcome, Richard and Jane, to the public hearing of the Victorian Parliament’s Rural and Regional Committee 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, and I also advise that any comments made outside the hearing may not be afforded such privilege. For the benefit of Hansard, could you both give your names and business address?

**Mr ELKINGTON** — My name is Richard Elkington. I am the chairman of Regional Development Australia Gippsland. My business address is 33 Breed Street, Traralgon

**Ms OAKLEY** — My name is Jane Oakley. I am the executive officer for Regional Development Australia Gippsland. My business address is 33 Breed Street, Traralgon.

**The CHAIR** — With your presentations and your prop, would you like questions as we go or at the end of the presentation?

**Mr ELKINGTON** — It is not something we have thought about, but I presume at the end. It does not really matter. I am comfortable either way.

Regional Development Australia Gippsland is not an operational body; it operates in the strategic space. My presentation will be essentially on the processes that we have adopted in Gippsland to address the digital economy. Most of our activity derives in the first instance from the Gippsland Regional Plan, which was adopted — in fact launched — three years ago this month. Having adopted the plan, we then set in train a series of implementation processes and established a number of strategy groups, which Peter Francis, whom you spoke to yesterday, I understand — —

**The CHAIR** — That is right.

**Mr ELKINGTON** — He has led that activity on digital engagement for essentially the last two years. He has done a fantastic job. I would like to have that put on the record. One of the key recommendations of that strategy group was that we prepare a broadband connectivity engagement plan, which was adopted in 2012. One of the key recommendations of that was that we then engage a digital engagement officer, whose activities are just drawing to a close. With that activity concluding, there will be an acquittal of that particular part of the process. We then need to look at what the next steps are beyond that in order to prepare ourselves in a community and business sense for the NBN and that increased level of broadband speed.

I do not want to bore you by going through all the elements of the Gippsland Regional Plan, but essentially it highlighted significant discrepancies between urban and regional areas — which I guess is the whole point of this parliamentary inquiry — in the availability of high-quality, affordable broadband infrastructure. It impacts on the quality of life of the people living in regional Victoria. It affects the ability of businesses in regional Victoria to access new bandwidth-hungry applications, and it affects opportunities for living more sustainably, such as the use of teleworking or smart metering.

Some of the connectivity issues for broadband in Gippsland derive from the fact that we have one of the highest dispersed populations in Victoria; 40 per cent of our regional population live in towns of less than 1000 people. We are going to have issues with connectivity to the national broadband network. It is going to be provided in another way. At the time the regional plan was written there was a relatively low level of utilisation of the current broadband network by regional business. In fact when Damian Drum facilitated a number of business sessions in June 2011 across Gippsland to increase understanding of the Gippsland Regional Plan, the implementation of the NBN was not amongst the top 10 priorities at that time, two years ago. So not only was there a low level of utilisation, there was really a low level of awareness.

The number of people living in Gippsland and commuting to Melbourne was forecast in the GRP to increase due to a range of factors, including the rollout and arrival of the NBN, an increasing trend to more flexible work arrangements and working from home and of course the cultural changes associated with that and a more mobile workforce. We then established the Gippsland broadband connectivity strategy group to pursue the recommendations in the plan. They oversaw the development of the Gippsland broadband engagement plan. That was aimed at increasing technological awareness and capacity, within both the business and the general communities, in readiness for the arrival of the NBN.

What disappointed us at that time was that essentially there was no funding available through NBN Co. Here we had a major project with a budget of \$47 billion. I think it was incumbent on all regions of Australia to prepare themselves for that, yet it was really left to us as a region. I think we bear a responsibility for this anyway, but essentially there was no funding three years ago to do that.

Whilst there have been changes to the strategy groups within the regional plan over the journey, the activity led by Peter Francis has essentially remained the same.

I assume you have been given a copy of the Gippsland broadband engagement plan?

**The CHAIR** — Yes.

**Mr ELKINGTON** — It had a number of aims. I will not bore you by reading all of them. Whilst it was advocating for the earliest possible rollout for the NBN, the plan recognised the need to ensure that the Gippsland community is aware of opportunities that already exist and will leverage those opportunities to build on Gippsland's digital economy journey. A casual reading of a monthly report of the activities in delivering the engagement plan would illustrate that a lot of the activity has been associated with recognising the technology we already have.

**The CHAIR** — What have you been doing? What programs do you have at the moment to grow the utilisation of what we already have and get more businesses using it?

**Mr ELKINGTON** — Has Liz Boughton appeared before this inquiry?

**The CHAIR** — Yes.

**Mr ELKINGTON** — We get a monthly report of her activities. She is conducting workshops for a whole range of community groups on how to use iPads, for example, and how to make use of smartphones. It is making people aware of the technology that is available. She has been speaking to community groups right across the region. They vary in number; it might be 5 here and 10 there right across the region, across a whole range of activity, in both the business and community sectors. That is a very noble thing to have done.

From my perspective it is great, because one of the things that I worry about is the prospect of digital exclusion. There are many people who like me feel more comfortable using a slide rule, particularly the elderly. They feel extremely uncomfortable with the prospect of having to pay their bills online, for example, when they do not have a smartphone or access to the internet. It is increasing the level of understanding of what we have rather than having to deal with a new tranche of technology.

**The CHAIR** — Have you done any measurement on Liz's program, like the number of businesses that came along or the number of businesses that then actually used telecommuting or e-commerce?

**Mr ELKINGTON** — As a consequence of that workshop?

**The CHAIR** — Yes.

**Mr ELKINGTON** — No, I am not aware of that. Are you aware of that, Jane?

**Ms OAKLEY** — No, I am not, but my understanding is that the program is still rolling out, so part of the evaluation would be looking at how many businesses, communities and individuals they have contacted and what programs they have delivered. We doubt we will necessarily get to some conclusive outcomes, but there will be some indication, I am hoping, in terms of what sort of capacity is being built as a result of that. I think that is potentially an opportunity the RDA or others to say, 'Okay, how do we build on this? We've gone out and we've done some base engagement and raised awareness. Now how do we measure that effectiveness and progress projects or programs from there?'

**Mr ELKINGTON** — It is really laying down a platform and increasing it right across the region. It is increasing the level of understanding of what we have, as well as increasing the level of awareness of the opportunities of moving to a digital economy and then ensuring that we essentially bring the community with us on this journey. It is also about accepting the notion that as a community we have a whole-of-society approach to this, rather than saying, 'The government's introducing the NBN' or 'It's the responsibility of the people

marketing smartphones to educate us'. As a region we need to be preparing ourselves for this. It is essentially a partnership between us and government to increase that level of awareness.

**Ms OAKLEY** — It is really interesting. There was a commonwealth program. Stephen Pykett, the guy who was sitting here before, was responsible for raising awareness and running out various commonwealth programs. Obviously we have come in at a regional level to try to provide some level of continuation. I think what would have really helped guide the program was a little bit more structure, whether it was from the commonwealth, the state or industry, in terms of asking, 'What's the outcome that we are trying to achieve?'. It was presented to the RDA as, 'There's going to be a gap here. We are going to fall behind in terms of awareness and knowledge of the NBN and how to access it and how to get best positioned', but I do not think that at any stage we really had guidance in terms of potential outcomes that maybe the government was looking for.

**Mr ELKINGTON** — No, that is true. It was left to us to work out.

**Ms OAKLEY** — So there is maybe some scope.

**The CHAIR** — It was left for you to work out. What were you trying to achieve?

**Mr ELKINGTON** — I guess one of the things that we were trying to achieve was to create ourselves as a smart region. We know what we have, we know what we are going to get and we understand the opportunities that might arise from that, so when the NBN is plugged in, we are ready to go; we are ready to take advantage of the opportunities that arise from that, as well as, of course, some advocacy for the earliest possible rollout of this technology to our region.

**The CHAIR** — We have also had businesses in here today that would say that current technologies are not being fully utilised down here.

**Mr ELKINGTON** — That is absolutely correct.

**Ms OAKLEY** — Absolutely.

**The CHAIR** — We are about how we get that to grow as well.

**Mr ELKINGTON** — Exactly.

**Ms OAKLEY** — Part of the program was to try to get people away from dial-up or no technology to at least ADSL or something like that as a form of getting closer to a fully digital-type economy. That was absolutely the intent. I think where the opportunity was potentially not leveraged — and I have to declare I come from a telco background — was in not working with the telco providers to say, 'Okay, in terms of ADSL, what's your take-up in this community? Let's run Liz's program and look at the uptake as a result of that activity'. That way we would have been able to close the circle.

**Mr ELKINGTON** — I will not go into the activities of Liz Boughton of Liz Welsh and Associates. Where do we go from here? We have a plan, we have formed a strategy group, we are implementing the recommendations of the GRP, we have a digital engagement plan, we are implementing its recommendations and we have engaged a digital engagement officer to increase the level of general awareness across the community and across business — what do we do next?

There are two streams to this in my opinion. One is at the community level, to hopefully, through some measures, increase the level of awareness and understanding of what it is that we have and where we are going to go. At the municipal level, it is working through each local government authority to create and implement a series of self-help projects, so creating some projects at a local level that demonstrate an understanding and a moving forward in terms of the opportunities that arise from using this technology. That is really at a community level.

At a business level we need a digital economy strategy to prepare for and take advantage of existing and new technologies. For example, I am on the board of East Gippsland Water. Most of the board are around my age.

**The CHAIR** — That is not old.

**Ms OAKLEY** — Twenty-one!

**Mr ELKINGTON** — None of us really understood social media, for example. What are the social media opportunities arising that businesses ought to be utilising? It is firstly understanding what they are, I suspect. It is about businesses in the region having an e-strategy and understanding the risks and benefits that arise with digital marketing and using social media. How do you act local and go global? What are the global opportunities available to people in Gippsland? How do you manage customer relationships in this new world?

I notice that a number of regions already have access to the Digital Enterprise Program, which has been run through the commonwealth. I presume that is in regions where the NBN has already been rolled out. Certainly in the first instance at the community level I see that as a program that we ought to be picking up as a region, through the RDA and the Gippsland Local Government Network funding it locally. Our responsibility as a community is to be working with those community groups.

In terms of working with business, I am on the executive council of VECCI. We were advised last night that VECCI has been given about \$1 million through the Digital Enterprise Program to work with SMEs in the south-eastern part of Melbourne and on the peninsula to conduct free training sessions with business to understand those opportunities.

Of course in this region we also have a number of very large businesses. I think we as a region need to understand — if people do not already, and I am assuming many of them would; at the regional hospital, for example — what opportunities are going to arise and how we are going to operate differently when the NBN is actually rolled out, so what is going to be the new world in those particular industries when the NBN is actually in place.

**Mr TREZISE** — The NBN will be rolled out sooner or later, but either Bill or Stephen made the point before that their concern was that in the past a number of organisations and people have tried to put themselves online, tried to work in e-commerce and all the rest of it, but have failed due to black spots and things like that. Therefore they are once bitten twice shy, I suppose. At the moment are businesses concerned about taking up business online, given that the NBN will be rolled out?

**Ms OAKLEY** — I think when you look at Gippsland in terms of its business pockets there are some dominant locations. I would not have thought that there would be concerns. The opportunities of technology are there today. Maybe there are some organisations that are in remote areas. I am not really too sure whether that is a problem. I think that is probably a discussion that has to be had with maybe local VECCI or something like that.

**Mr ELKINGTON** — One of Gippsland's disadvantages is that we do not have one dominant town. We have a series of large towns and then 40 per cent dispersed amongst towns of 1000 or less. For those in the major centres I do not think that is a particular issue.

**The CHAIR** — You mentioned that earlier, that 40 per cent of your population is in towns of 1000 or less. What strategies would RDA Gippsland be suggesting to encourage uptake in those communities of less than 1000?

**Mr ELKINGTON** — I think it is referred to in the regional plan. A strategy was a bundling of non-fibre-to-the-home technologies to avoid significant disadvantage and to provide equitable service provision to those communities. Also, there is the use of wireless and satellite.

**The CHAIR** — In some other places we have been, and even here today, we have had people talk about hubs. Would communities in towns of 1000 be able to sustain a hub, where businesses from around the town could come in? We have been to communities where the town may have the service but if you are on a farm, a winery or an olive grove 5 or 10 kilometres out of town, you may not have it. A hub in town may be an option. You may want it for only 2 or 3 hours a week, but if there are 30-odd businesses around the town, it might work.

**Mr ELKINGTON** — My personal view is that that is a great idea. It is an idea that is likely to work in small towns. For the most part they already have a strong sense of community, a strong identification with that community and a strong sense of the community working together, so I think that is probably likely to work, as

well as having people gathering together and sharing experiences, so all the good things that arise from people working together in one location.

**Mr TREZISE** — That could also include, I guess, thousands of people who leave the Latrobe Valley and travel to Melbourne by train — public servants, for example — so that they could telecommute instead of travelling into Collins Street or Bourke Street each day. They could be working out of a local hub in the Latrobe Valley.

**Mr ELKINGTON** — Yes.

**The CHAIR** — Or Mirboo North.

**Ms OAKLEY** — In terms of those hub-type solutions, I think that they are very town dependent. If you are talking about far East Gippsland, I think that there is an appetite for that sort of central location in town. If you are talking about people in some of the smaller towns such as Yarram, that may not be as appetising to them. I think that they are getting used to the fact. Because they have had access to wireless-type technologies and they have been able to work in the home or work in their small business, it has set a sort of a bit of an expectation that ‘I’m going to continue to operate like this, but it’s going to get better’.

**Mr ELKINGTON** — It depends on the degree of evolution of the technology I suppose.

**Ms OAKLEY** — Yes. I think that is town dependent. I would hate us to say, ‘Well, for every town under 1000 we’re going to roll out a hub solution’. I think that would cause a bit of anxiety.

I am just trying to think more about the business and the role of RDA in terms of building capacity in small business. I suppose the intent so far has really been about raising awareness as to what is possible and facilitating some workshops and getting businesses together to talk about ways in which they can access the internet to open up new markets and grow their productivity. I still believe that is very much in its infancy. You have your high-performing businesses across the region that are probably doing that sort of stuff themselves. They are already heavily invested in IT, they get expert advice and they get consultants falling all over them. It is the small-to-medium-size businesses that really lack that. I do not know whether you guys have an expectation of the RDA in terms of the role that we should play as well, moving forward?

**The CHAIR** — No, we are here to take advice; we are here to find out. That is why we have an inquiry — to see how we can help you and hear the suggestions you have for us to help you.

**Ms OAKLEY** — I was talking to Richard before. There is a real cultural inhibitor in terms of teleworking, for instance. Business is not comfortable having people working remotely. You guys touched on it before — that it cannot be measured and there is a lack of confidence. ‘Is that person actually at home working for me or are they hanging the washing out or doing whatever?’. It would be good if you could start to share some really strong case studies, maybe global-type case studies, with businesses in a particular sector that say, ‘If you look at the overseas trend and the take-up of teleworking in food processing, for example, there have been benefits in productivity gains and efficiency and a reduction of costs’ and be specific to those businesses as to where they can save. The ability to take a leading role in driving that sort of education and those sorts of forums and facilitating those discussions would be of interest to RDA.

**Mr TREZISE** — It is not a new idea when you really think about it, especially in regional and rural areas. Businesses have had employees operate remotely for years now — travelling salesmen, for example.

**Mr ELKINGTON** — Absolutely.

**Mr TREZISE** — You still manage those employees, so it really is just a mind shift more than anything because, as I said, businesses have had employees operating remotely for years and years.

**Ms OAKLEY** — But maybe for those particular ones it is measurable and tangible and you can sort of go, ‘Yep’.

**Mr TREZISE** — It is about control.

**Ms OAKLEY** — Salespeople are really easy to measure. It is the other side of things.

**Mr ELKINGTON** — Then there are the whole range of workplace relations issues associated with people working from home: ‘How do you get on with occupational health and safety regulations?’; ‘I don’t know’.

**The CHAIR** — But all those things can be overcome.

**Mr ELKINGTON** — It should not be a barrier to doing it; it is just one of those things that you have to work through.

**Mr TREZISE** — It is just not how things are done these days, so it is a mind shift.

**Ms OAKLEY** — I think one of the things holding businesses back too, based on previous experience, is cost. They look at access to telecommunications and teleworking and they see it as a cost thing, so they really do not truly understand what it means in terms of return on that investment. An opportunity to better communicate and position that sort of stuff with industry is something I really think we need to tap into.

I look at Liz; Liz has done a great job getting out there and speaking to business, but for some of them there is not a compelling reason to go. They are quite comfortable in the current market, where they have their little marketplace and their customer base and they are making a living and surviving. What they do not realise is that in five years time there is going to be this big bloody avalanche coming that is going to knock them out. They are not seeing that. So how do you actually create a compelling event for those businesses to go, ‘Heck, I’m not going to be trading in five years time unless I start to position myself’. It is part of Liz’s role to really raise that awareness and get them thinking differently about how they operate in the marketplace. They are not operating in a regional marketplace anymore; it is a global marketplace.

**Mr ELKINGTON** — You raised a very pertinent issue as to how many of our existing businesses actually have business or strategic plans. You cannot ask businesses to think about one of their key risks when they do not have a process to recognise, document, deal with and manage what those risks are. In some ways encouraging businesses to think strategically about the future of their business is a process that needs to come before the question, ‘How am I going to be positioning myself in a new world?’.

**Ms OAKLEY** — That taps into a program we are running. I should probably declare that I am the regional director for the Department of State Development and Business Innovation as well, so I have a dual role. One of the programs we are running at the moment falls under the Latrobe Valley roadmap and involves employing some business development officers on the ground to work intensely with a portfolio of customers. One of the key things is to establish a business plan with these small businesses that have got their head in the sand a little bit and if they take it out, they might gradually start to see a significant opportunity.

It is quite amazing to hear how many out of that portfolio of 20 customers — and we have been to more than 20 — say, ‘I’ve already got a business plan’ or ‘That’s not important. Don’t worry about that; we just want to get money from the government to expand this little widget machine’. Somehow we have to try to get business planning and workforce planning and stuff like that front of mind for them. The government might start to think about businesses having to meet a criteria of having a business plan in order for them to access a grant.

**The CHAIR** — If you are a dairy farmer or an irrigation farmer in northern Victoria, you do not get a grant if you do not have a whole farm plan.

**Ms OAKLEY** — Yes.

**The CHAIR** — Do you have any other pearls of wisdom?

**Mr ELKINGTON** — We were considering talking to our submission, but we will not bore you with that; you have read it.

**The CHAIR** — Thanks very much to both of you for taking time out of your very busy schedules to come along here today. It has been quite an enlightening half an hour. In about 14 days you will get a draft copy of the Hansard transcript. You will be able to make corrections to obvious areas, but other than that it will be as it is.

Once again, thank you very much, and all the best with your endeavours at Regional Development Australia Gippsland.

**Mr ELKINGTON** — Thank you, Chair.

**Ms OAKLEY** — Thank you.

**Committee adjourned.**