

# 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**

Wodonga — 23 October 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

#### Witness

Mr M. Taylor, manager economic development, Wodonga City Council.

**The CHAIR** — Welcome, everyone, to the public hearing of the Rural and Regional Committee of the Parliament of Victoria's inquiry into the opportunities for people to use telecommuting and e-business to work remotely in rural and regional Victoria. I would like to thank the people who have come along today to present and the people who are here to observe as well. It is very good to see people interested in this topic.

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. Mr Taylor, could you give your name and business address for the benefit of Hansard?

**Mr TAYLOR** — It is Matt Taylor from the City of Wodonga, 104 Hovell Street, Wodonga.

**The CHAIR** — Matt, with your presentation, would you like questions as you go or at the end?

**Mr TAYLOR** — Either, you can ask any questions if you like and I am happy to answer them.

**The CHAIR** — All right. If you would like to lead off with some introductory comments.

**Mr TAYLOR** — Sure. In terms of the City of Wodonga and its approach to e-business and remote working, we see it is critically important to the progression of not just the city but also the wider region. For that reason we have been actively involved in regional strategies for the digital economy in a broader sense with the Hume region, which is 12 local government areas, but also working with our New South Wales counterpart — Albury City Council — to develop an Albury-Wodonga digital economy strategy. For Albury-Wodonga our research indicates that the digital economy has the potential to create between \$238 million and \$571 million a year for our economy. It really is becoming, and already is, a very critical part of our economy.

On Monday of this week we released for public exhibition our digital economy strategy for Albury-Wodonga, and I am happy to send through a link to that if it is of use. We will be working with the chambers of commerce and businesses, and of course the RDAs — Murray in New South Wales and Hume in Victoria — to maximise the uptake and awareness of what the digital economy, and more specifically for this hearing, e-business and remote working has to offer. Wodonga is a relatively small LGA in comparison to some of the other rural and regional LGAs. However, it is still critically important for that work-life balance for the council staff to make sure that residents and businesses together have the capabilities that are afforded to metro centres.

**The CHAIR** — How do you come up with the figure of \$238 million to \$571 million to your local economy?

**Mr TAYLOR** — It is based on research that has been done nationally and also overseas in the UK. Typically the research indicates that the digital economy can increase gross value add by up to 20 per cent. We have been fairly conservative in saying that on a lower end it is 3 per cent to 5 per cent, or \$238 million, and on a higher end around 18 per cent, or \$571 million. It is based on an analysis of different economies — what the digital economy has brought to other regions and countries and that type of thing.

**Mr TREZISE** — Matt, you mentioned your digital economies strategy. Without wanting to put you on the spot, are you able to go through the key points of the strategy?

**Mr TAYLOR** — There are 30 of them, but if I can summarise, it is really about making sure that councils, both Wodonga and Albury councils, are playing their roles in maximising the uptake and awareness of what the digital economy is and how to be involved in it. We know from our research here locally that 70 per cent of businesses would like to have a digital economy strategy but they are unsure of how much it would cost and what is involved in implementing it. Our role is to help to create the awareness of how they do that and not necessarily to roll out fibre and that sort of thing. We will be working intensively with Albury council, the chambers of commerce and the business sector to do that.

**The CHAIR** — The city of Wodonga would have a lot of smaller — —

**Mr TAYLOR** — Businesses?

**The CHAIR** — Businesses, but it would have a lot of small communities within the council area?

**Mr TAYLOR** — Our local government area is about 430 square kilometres. We have the main City of Wodonga but we also have some smaller communities — Killara, Baranduda, Bonegilla — that are on the periphery of the local government area. Internet services for those areas can be very patchy, and that affects livability, which affects work-life balance and your options to work remotely from home. That affects the way you can market the city in general.

**The CHAIR** — What strategies do you have in your 30-point plan to help with the likes of Bonegilla?

**Mr TAYLOR** — The strategies we have in place cover five elements. The first one is about leadership — that organisation leaders have the vision, awareness and confidence to use digital technology that transforms the business in terms of its products, its services, its developments and its productivity. I should say on that in terms of productivity Wodonga's GRP has grown by — —

**The CHAIR** — What is GRP?

**Mr TAYLOR** — Gross regional product, sorry. It has grown by an average of 3.2 per cent for the last 10 years — between 2002 and 2012. A significant portion of that, over one-third, is because of the productivity of the labour force. This strategy will help that labour force productivity and therefore help our economy to grow. It is a key plank in our growing the city's economy. That is the leadership.

There are other elements in terms of the strategy itself. There are elements of resources and investment — what level of investment we need to match the size and complexity of the organisations and their requirements, knowledge management, training and resources of new technologies. People and skills are another one — making sure that staff are upskilled to the point where they are confident in utilising digital technologies and working from home. Also there are productivity and efficiency, as I mentioned before, making sure we have that efficient labour force. Then there is sales and investment performance in terms of digitisation results in increased access to more market share and reduction in costs of acquisition for customers, so really looking at how we can aggregate things in terms of the digital economy, that space. They are some of the key elements of the digital economy, but they really are about how we connect into the business community, which is health, education, inclusive of that, and make sure that that awareness and uptake is maximised.

**Mr TREZISE** — Where are you up to right at this very moment with regard to implementing the strategy?

**Mr TAYLOR** — The strategy was put out for public exhibition yesterday, 22 October. We have been through a fairly extensive consultation process in drafting the strategy. On Monday night council resolved to put it out for public exhibition. It will be jointly exhibited by Wodonga and Albury councils until 30 November. We will collate the comments and then hopefully see the finalised strategy by December. From there it is a two-year road map that we have put in place to achieve the 30 actions.

**The CHAIR** — You said you had productivity improvements, was it?

**Mr TAYLOR** — Yes, labour force productivity improvements.

**The CHAIR** — How is the growth that you are anticipating going to come about? How are the employees going to be more productive?

**Mr TAYLOR** — It is in a number of ranges, I guess, even the ability to work from home in regional and remote areas. While Wodonga is a relatively small local government area, we still have a lot of travel time working with other neighbouring local government areas. That productivity, in terms of your ability to stay working and not be out in the field and having to come back in, with the time wasted in transit, to be able to get more things done, even from a council point of view, can be greatly enhanced. Some of the things that council is doing in that regard are equipping staff members who are often out in the field with iPads and those sorts of technologies to be able to enter data while they are out in the field so that they are not having to come back in continuously and input that data in house.

Those types of enhancements lead us to be able to be more effective and efficient in what we do and to work more productively. If you translate that into the 7000 businesses that are in Albury-Wodonga and how they interact and work, that is where we see the productivities coming from in one space. There is also the online presence in terms of accessing a greater economic pie, not just the local Albury-Wodonga or Wodonga

economy. To be able to equip businesses to access a national and even global market, if that is where their business interests lie, then that is how we see our role, as equipping businesses to become more productive.

**Mr TREZISE** — Talking about employees working out in the field and perhaps telecommuting from home, for an employer that also raises the issue of health and safety for employees and perhaps even isolation. A lot of people working in isolated circumstances week in, week out may not be conducive to having good working conditions for themselves.

**Mr TAYLOR** — Yes, that is right, and that, I guess, is part of the complete package of what a business would offer its employees. I think it is always important to make sure that good workplace practices are in place so that that isolation does not begin to exist. We know from our research for our digital economy strategy that isolation is increasingly becoming a factor. Even research in the UK states that there are large portions of the elderly who may not have seen anyone for a month because they are beginning to do all their things online, which creates very much a social issue. It is always important to realise that while this is one platform and there are economics behind it, the social elements must be woven into the economics as well, so that they are combined.

**Mr TREZISE** — What we have learnt as we have travelled Victoria and talked about telecommuting is that the options, especially for people working at home, are to either work from home or in some areas establish hubs, where workers come and work, so that you have that social interaction.

**Mr TAYLOR** — Yes, that is right, and in a sense we already have those at council. We have our main office at 104 Hovell Street but we also have hubs. It might be a community centre hub or a council depot, that type of hub, where workers who are working or are out of the office quite a lot are coming back in with team members and getting that interaction. Those hubs are already existing in different forms from just an office hub.

**The CHAIR** — We have heard of people working where there are what are called hot desks. Does council have hot desks where some of your employees come in for two or three days a week or whatever?

**Mr TAYLOR** — Yes, we do. In each wing of the council building there are a number of hot desks where non-permanents can come in. There are even some desks for permanent staff who are becoming more mobile. If they are out in the field a lot, they actually share desks or desk space, that type of thing. So those hot desks are in existence at Wodonga City Council. In terms of what the business community is telling us, recently we completed a business survey in Albury-Wodonga to which we had 501 businesses respond. Their members were telling us that in terms of staffing finding staff is not an issue, but the use of IT is becoming more and more prevalent in the way they do things — cloud computing, hot desks and that type of thing. We have benchmarked it from 2013 against 2012 and found that there have been significant increases in the uses of digital technology in the way that businesses are working.

**The CHAIR** — In Melbourne a private company has set up what they call the Hub with its hot desks. Are you aware of it?

**Mr TAYLOR** — Yes.

**The CHAIR** — Would there be a demand for such a place here in Wodonga?

**Mr TAYLOR** — There is in fact a business just setting up at, I think, 15 High Street for that exact function. You can hire a desk space for 2 hours if you are a consultant. If you are someone coming in needing just a desk space or even a more permanent space, you can hire rooms from them for the day, the hour or on a more semipermanent basis and they are looking to expand that. They are actually opening in the next month or so.

**The CHAIR** — They have people teed up who want to come and use it?

**Mr TAYLOR** — I believe so, and I believe the person from Tier One Consulting who is doing that is coming to speak to you a bit later today, so quiz Guy on it.

**The CHAIR** — We will find out.

**Mr TREZISE** — Matt, as part of your submission, the council has written:

At a local government level policies have been developed to support working remotely. However, inconsistent internet connection, especially in remote areas, hampers capacity to implement policy effectively.

Did you want to comment on that?

**Mr TAYLOR** — Yes. Council has a policy of having remote access, but, as I mentioned before, pockets in even the urban or main city area of Wodonga do lack reliable internet connections. Even last night I was pulling my hair out to some degree because the internet kept dropping out. That was in an area that is 6 minutes from the CBD. What is of critical importance for us is that reliability of connection. If people are going to be working from home or even basing their business from home as a home-based business, they need to know that their internet connections are not only reliable but also of a reasonable speed to enable them to do the work that they need to do, whether it is sending emails, doing graphic design or sending files that require large forms of memory or internet speeds. There are pockets of Wodonga that do have quite unreliable internet. For us and for our ability as a regional city to market ourselves as a city to come and live in, if you are from metro Melbourne, those aspects are very important.

**Mr TREZISE** — Am I right in saying the NBN has begun the rollout?

**Mr TAYLOR** — The NBN in Wodonga was scheduled in terms of fibre to commence in our city centres in September 2014. I guess there is some uncertainty around that with the change of government. However, fibre is already being placed into residential subdivisions. As new residential subdivisions come on stream, fibre is being placed in a number of those subdivisions. So it is in a sense, but the actual fibre coming through the CBA has not commenced yet. Planning is being done. It has commenced in pockets of Albury. I guess that is a bit of an irregularity between the twin cities. While we are 2 kilometres apart, there is a nine-month gap between when work starts in Albury and when work starts in Wodonga and therefore the completion dates. That is all based on engineering-type things, but the border anomalies are something that we commonly come up against here. That is another hearing, I think.

**The CHAIR** — Usually in August there is a border anomaly joint meeting that I attend. How many people do you have in your staff, and how many of your staff at the City of Wodonga are working remotely part time or full time?

**Mr TAYLOR** — There are around about 220 staff at the City of Wodonga. I am not sure of the exact percentage of staff that work remotely, off the top of my head, but it is a fair proportion, increasingly now. There are two ways that it can be done: there is a remote hook-up, where we can link into our files from home — so actually accessing our hard drives or drives on our server from home — but increasingly staff are working via the iPhones and phones capable of emails and that type of thing. There are probably two stages of format, and that would be a higher percentage there than staff who can work from home. The council has a policy of if there is a good case showing why linking in from home is needed, then that can be done.

**The CHAIR** — So you have not got any numbers?

**Mr TAYLOR** — I do not have the exact number off the top of my head.

**The CHAIR** — When people work from home we often hear, 'It can't be done, because you don't know that they're working'. You hear that in the middle of the day they have been out mowing their lawns. How does the City of Wodonga measure the productivity of the people?

**Mr TAYLOR** — For my staff I have fortnightly catch up. If they have been working from home and they have not been getting things done, then that becomes evident fairly quickly. Unless you are in an organisation where you sit directly behind your staff member all day, they can still be at work and not be productive. You can still be in the office and not be productive. It is about your staff knowing that there are these flexibilities, and if they are getting the work done, with my staff I have never had an issue with it. Someone could mow the lawn, but somebody could be sitting in the office having a cup of coffee.

**Mr TREZISE** — It is about management.

**Mr TAYLOR** — As you say, it is about how you manage, and it has not been an issue. I have not found an issue for my staff.

**Mr TREZISE** — Matt, looking at the wider business community in Wodonga, are there examples — and I have no doubt there are — of businesses that are seen to be champions of or effectively using digital technology?

**Mr TAYLOR** — Yes. We have got quite an array of businesses in this area. One business operates purely out of a shed — no shopfront, no-one comes to its premises, 100 per cent of its sales are online — and it is a global exporter of its products, from the US through to Asia. The business owner was telling me that he had just sold some products to someone in the Middle East recently. That is one example. They operate off three methods: YouTube, just the basic website and eBay. They operate off those three mediums. We have businesses that of course have Facebook, Twitter and those types of things. But rather than just using it to promote their business — this is a hospitality business — they actually use it to find staff and have found it very effective.

Another more engineering-focused business is now using it to source international clients, doing CAD designs and that type of engineering work for them and then shipping back out for them, even stretching their business to Western Australia and doing more work for the mines in Western Australia. They are very active in that space. But while there are always a lot of champions, our recent business survey showed that 30 per cent of businesses do not plan to do anything in the digital space. For us, they are the ones we really want to capture and focus on. Thirty per cent of businesses not being in that space in Wodonga alone equates to about 900 businesses.

**Mr TREZISE** — Are the 30 per cent of businesses in a particular sector?

**Mr TAYLOR** — No, they are sort of spread across the sectors. Changes in the digital realm have probably forced some sectors more than others to take notice. Probably retail is the sector that has really become aware of the need to be more present online. Other sectors can get by without using it so much. Some of those tend to be forms of manufacturing, but for us it is important that all sectors embrace it, because 30 per cent of your businesses not embracing it is a massive part of your economy.

**Mr TREZISE** — Absolutely.

**The CHAIR** — With people working from anywhere in your business, have there been any unexpected benefits from that that the council was not aware of?

**Mr TAYLOR** — There is always the benefit of work–life balance and things like that, which are quite well known. One of the unexpected benefits is that giving my staff that flexibility means they are a lot happier at work. They do not need to stay back late at night to finish something off; they can take it home or log in. That workplace happiness is a major part and again goes to productivity. There are probably some other ones, but with my staff specifically that is probably the main one. My staff are all very happy; they love me.

**The CHAIR** — Good.

**Mr TAYLOR** — I just got that one in there!

**The CHAIR** — Have there been any unexpected challenges?

**Mr TAYLOR** — The unexpected challenge is how you monitor it when people go on leave. With the balance and the accessibility comes the challenge of being accessible even while people are on leave. I can pick up my phone when I am on leave and look at all my emails building up and think I had better get rid of those while I am on leave. It is really making sure that while you have got these technological things in place to make people more efficient and give people better work–life balance there are some controls in place so that people are not working 24/7 every day of the year. That is one of the challenges.

**The CHAIR** — You would be part of groups of councils. Do your colleagues in other councils have their strategy like Wodonga has?

**Mr TAYLOR** — In terms of the Hume region, no. Wodonga — and in this context Albury council as well — is probably leading the way in terms of the development of a digital economy strategy. We are probably leading the way in terms of conducting the business surveys to find out where the changes and take-ups of various technologies are taking place. What we are most happy to do, though, and what we have begun to do, is talk to our neighbouring local government areas, such as your Alpines and those types of centres, and saying,

'Well, here's what we're doing. We're happy to share with you what we're doing', because at the end of the day 42 per cent of Wodonga's work force does not live in Wodonga. That is a major chunk of your work force. If you are offering work-life balance in Wodonga and these e-remote working capabilities are not in your neighbouring LGAs, then that is a major component of your work force that does not have that ability. We are happy to share our strategies and learnings with other neighbouring councils. We do that as a north-east Victoria group, we do that as a Hume region group.

**The CHAIR** — Matthew, do you have any last pearls of wisdom you would like to leave us with?

**Mr TAYLOR** — No, I am happy to leave it there. I have that appointment, as I mentioned to you.

**The CHAIR** — Thank you very much for the preparation you have put in and for your time here today; it has been very informative and we are very appreciative of your efforts. The City of Wodonga appears to be doing very good things in this area. I congratulate you on that.

**Mr TAYLOR** — No worries.

**The CHAIR** — In about 14 days time you will get a draft transcript from Hansard. You will be able to make corrections to obvious errors, but other than that it will be as it is. Once again, thank you very much for coming along today.

**Mr TAYLOR** — Thank you.

**The CHAIR** — Could you email a copy of the strategy to Lilian?

**Mr TAYLOR** — Yes; not a worry.

**Witness withdrew.**