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# E4: Why remote workers are going regional

## SUMMARY KEYWORDS

work, people, business, sydney, thinking, remote, big, city, overseas, live, move, conversations, world, australia,

## SPEAKERS

Karen Kirton, Lachy Gray

## Lachy Gray

Welcome! To this episode we're gonna chat today about the relationship between remote work and regional migration, I guess you could call it. So, by my definition remote workers can work from anywhere so you're not locked into living a commutable distance from an office. I think there are a lot of immediate benefits such as living a more balanced lifestyle and potentially becoming a homeowner for the first time or having a smaller mortgage, living outside a major city, lower cost of living, more time with family and so on. These appear to be fairly significant benefits for workers, but also for employers and in regional communities. However, as with all things, I think there are downsides such as the migration from capital cities to regional areas affecting affordability, especially with house prices, the

fact that not everyone's in a position to work remotely or or pick up and move. So I'm really looking forward to diving into this one today, Karen. I have to say this topic in particular has so many aspects. To start I went down many rabbit holes, preparing to talk to you about it.

### **Karen Kirton**

Yeah, and I think that it's quite close to home for you as well. You have made the move regionally whereas I am still Sydney sider. So, no doubt, we'll have different points of view as well. So do you want to start off with the reason for your move?

### **Lachy Gray**

Sure. So, yeah, we were living in Sydney for most of my adult life, and my wife Kate and I started a family in Sydney with young kids and we started to think about what the next 10 years look like and we were doing this before COVID. But then when COVID hits it really accelerated I think our decision making process and Kate asked me why are we paying a premium to live in Sydney if you don't have to commute into work every day. Previously I was commuting by bus, probably an hour a day into North Sydney. Couple days a week and a couple of days I was working from home and I thought that was a really good question that I found difficult to answer. Kate has family up in Nelson Bay and so we thought we would go for some holiday for a week in Newcastle and just to check it out. I've been here for 20 years and I have this picture of it as the Industrial Town. There's not much going on and how wrong I was and it just blew me away. With just the green space and the public amenities and more balanced lifestyle and so on. We essentially returned from that holiday. We called the mortgage broker and we called a real estate agent to sell our house and put the wheels in motion and in September 2020 last year we moved to Newcastle. So I think it's been an overall a very positive experience moving during Covid as it's pretty stressful largely just because of the unknowns. We didn't know what it was gonna be like to sell our house during COVID, what's gonna be like to buy a house during COVID, this was in lockdowns too. So by getting to see a house, people get to see our house. But fortunately, you know, turned out okay. It's been a very positive experience overall, I would say.

### **Karen Kirton**

You have the benefit of running your own business. So which means that, I guess you don't have that level of anxiety about well, I'm moving and then or maybe you do you know what happens if we change the strategy in terms of going back to an office again. But I've seen people that did move regionally over the last 12 months and have now been directed by their employers to return to the office. So I guess that's the other question. How much of a leap of faith is this? Is that a long term move or is this migration that we're saying to regional areas? Is it a point in time? What do you think?

### **Lachy Gray**

That's a good question, isn't it? I think it's hard to know. I don't think we can know. I think there's so much wrapped into it for me. Like for example just having the freedom to choose where to live based on your own requirements rather than where you work, I think is massive and I think people have been migrating from regional communities to cities in search of better opportunities probably for hundreds of years, right? Historically, cities have attracted Economic and social government investment which encourages employers and which encourages employees. So I think COVID has been a bit of a catalyst to potentially reverse that trend or kickstart people's thinking about if I can work remotely and I

can choose where I want to live, where would that actually be? I do agree that it's a leap of faith because no one knows what the future looks like and yes, my situation is unique in that I do run my business. But still, I would never say never as well. I would never say I am always fully remote because that might not make sense in the future. So yeah it's a really good point and I don't know what the future holds. Instead we've just had very open conversations both with my family but also with the team and Mark my business partner about, well, what does that look like? How can we make it work? They really tried to embrace the fairly unique set of circumstances that we've been dealt really. What do you think?

### **Karen Kirton**

Yeah, I find this really difficult because I think particularly on this topic, our perspectives are really different on a number of levels. So I think firstly, I'm one of those crazy people that love Sydney and I just can't imagine ever leaving it. I know that for a lot they just think that you're mad. Why would you want to live in a big city but I've never had an interest in living outside of Sydney. I have and I've always preferred here. I have this just innate fear that if I ever left I wouldn't be able to afford to come back. So I think, you know, that's kind of a very different perspective. I totally get why people move out of it. Don't get me wrong but it's just one of those weird quirks of my personality. I just can't see myself leaving. I think the other thing is our businesses are quite different. So it's the different sizes but also I have found such a huge increase in requests to face to face meetings this year. Whereas last year you know, we used to do face to face meetings right so whether you had potential clients while you're going to see a client to catch up there really, there weren't that many occasions where I'd say, hey, let's jump on to the Zoom. Like it just didn't happen before COVID. It was always face to face and then when we went through the start of the pandemic then we all worked remotely. It became the norm that you would say okay, let's catch up on the phone and we'll do a Zoom or Teams or whatever it might be. But I found this year that has started to change a lot and what happens is I get people saying "Hey, can we catch up when we have a phone or a zoom and then they say, "Okay, now can we get together face to face?" So you know so that's actually increased I guess a little bit the sales cycle with potential clients. We've now got more touch points than we used to do before COVID. The other thing maybe that's because of my business cause I've been thinking a lot about these why's. Why is that? I think as an HR consultant, it's very much important about the relationship that you are building with the business owners or the leaders. So I think it is more of that kind of high touch relationship where people do want to see you and get to know you and really build that trust. So maybe that's why this increase in face to face. When we sort of started talking about this during our podcast a couple months ago, which is when I started to think about this when I was talking to people and I would say 99% of the discussions that I have with potential clients they asked where we located. Even if we're talking about working remotely because they do a lot of outsourced HR which is remote such as phone and email. But they will always want to know where we're located because they like the idea that if needed, we could come on site. You know, even just last week I had a referral for a client in Melbourne and most of our businesses in Sydney, but we do have some clients in Victoria. They came back and they said, Oh, we've decided not to go ahead. It's nothing about you. We just want someone that's local. So I think for me, I get this personal feeling about whether I could ever really move out of Sydney and I think there's the other part of it which is I don't know that my business would work out of Sydney. You know that doesn't come back to something that we've talked about which is this remote working ideal? Is it really still a tech company regime? What do you think? I'll just land that on you.

**Lachy Gray**

Thanks so much.

**Karen Kirton**

You're welcome.

**Lachy Gray**

That's a really good point. I'm still digesting you know what you were talking about there. I'm mindful that I'm a sample size of one and I've got to be careful not to extrapolate out our experience, we're very mindful of that. Of course, my experience being an online learning platform that offers learning distributed to teams by very nature we call it remote. So it can be difficult I think to separate it out versus as you were saying, Yeah, for you that face to face I guess relationship is super important I get that. So yeah, I think potentially within industries, different roles will have different requirements. Both from in terms of the responsibilities and how they go about them and we spoke about this in the last episode whether you need, are you collaborating with colleagues on strategy for example, or very tactical things where it makes a lot of sense to be together versus someone who doesn't need to, and can do that work remotely. I don't know, I think it's an area for research to look into. What does this look like over time? I do think that you know, there are roles that have had the ability to work remotely for a very long time but for reasons other than technology, I haven't. I think we've touched on this a little bit. I do find that quite interesting because I do wonder, like, what are the costs of sort of requiring people to live in densely populated areas where there might be a higher cost of living so they can commute to an office to do a job that can be done remotely. That's not just financial of course and that's just the way it was done, wasn't it? That's what we did. If you wanted a good job, the feeling was you need to move into a city. But then the rising tide worker is all about. So, everybody sort of competes with each other. So I find that really interesting now to say, well if the job can be done remotely then should it really seriously be considered.

**Karen Kirton**

So it's more than that mindset of people hasn't quite moved there yet. Because like with the referral that I had in Melbourne, yeah, it got the work that they wanted done was quite easy to be done remotely. There's no reason why that needs to be a face to face job. But it was more like if we want to have a long time relationship with you, we want someone that we could call and they can just pop in. Now, I have to say in the HR world, there's not many times that there's an urgent requirement for someone to pop into the office. So to me, that's more of a mindset thing. It's just you know, we like the idea and it's not just them I've had it you know with other people like I said pretty much everybody asked where we are located. It's that idea that if I need you, you're there. Maybe I'm just trying to think as we're talking, you know, some of those clients have been in remote workforces as well. So it's not like they're in the office and so they are using them right in front of reference. So that's why I was thinking, is it just the type of work then. So we're going to be talking about a knowledge workers base with remote work. But is it all knowledge workers? A lot of the articles that we found that we've spoken about with different organizations have still been in that tech realm. So, yeah, I'll be interested to see how the next 12 months goes. I guess particularly, you know the borders do open mid 2022. Yeah, that's going to change everything completely again. So what does that look like then? But I think the other thing is that

we'll be talking briefly but let's go into the inter state. you've moved to Newcastle and let's say something urgent did happen. It's not that difficult for you to get into Sydney right? Like it's easily doable. You don't have to pack an overnight bag. You can get there and back if you need to in a day. But you know what about people that are actually moving Interstate and I have seen people do this. They've moved to Queensland or Perth, I'm not even talking, you know, small moves. Then the border is closed. So then how as a business, I think then how do you manage that? I think you have to be a fully remote workforce don't you? To have staff interstate or is it possible to do if you're doing a hybrid workforce?

**Lachy Gray**

Well, I think it depends on the agreement that you have. I think that's something to discuss prior, isn't it? I like to do a pre-mortem and to say, "Okay, what could go wrong here? What happens if you can't come back?" Yeah, and I think that's true. I think it does suit fully remote because it doesn't matter like you are set up from a mindset perspective. From a tech perspective to do the work anywhere, so it doesn't matter. I think that is an important caveat. I think hybrid would be very challenging if you have an agreement where you are going to come in kind of regularly, and then you can't and that sort of potentially breeds resentment on both sides. I think it would be very tricky. But would you be moving into the state if you had to come into the office a couple of days a week? Perhaps yes, perhaps some people might do that and they said we're going to maybe fly down and stay a night or two and fly back and that is preferable because I can still live where I want to live. That cost is worth it. I have to be fair, I have heard of people doing that even commuting to New Zealand pre COVID.

**Karen Kirton**

A bit crazy. Only because New Zealand you've got to go through Customs & Immigration such a big travel point.

**Lachy Gray**

True, but it's still probably closer than Perth.

**Karen Kirton**

Oh, it is. Yeah, it just takes longer to travel there because you've got to go through the international port. But yeah like if you think about it you know you are a hybrid workforce and you only have to work in the office two days a week. So I could come down on Sunday night. Work in the office Monday Tuesday, fly to Perth Wednesday, Thursday, Friday, Saturday, Sunday, Monday, Tuesday, Wednesday. Then work in the office Thursday Friday. Depending on how your hybrid works and absolutely you could do that. You're just you're basically, you've got quite a big gap there. Like you've got over a week. You're at home and then you've just got two days that you're flying across the country.

**Lachy Gray**

Yeah, and this is the mindset shift, I think, which is very interesting in that, like, I know for me, yeah, I felt like I needed to be close to see that I need to get a good job, yeah, to the city that is. But what if that's not true anymore? So to what extent is the way we live determined by where we work and what if that changes? Can we have the best of both worlds where we are actually choosing where to live

based on that location, the lifestyle, the community and so on. Unless so because of the jobs that are available in that location.

**Karen Kirton**

So when you were in North Sydney would you have ever hired someone interstate?

**Lachy Gray**

Before.

**Karen Kirton**

Before Covid when you're in North Sydney.

**Lachy Gray**

It probably depends on the roles. I mean, we had, we did have applicants from Interstate, and we were entertaining it. It just never worked out that way. Because I think this is what I'm learning I may be moving out here, I had no business network at all. Now I'm slowly starting to build one, which has been a non-intended benefit. I didn't come here without intention at all. Actually, that's what we're saying, We've got a salesperson in Melbourne now and so each of us bring, we're in different communities now, we've got different perspectives, we're around different cultures, we're hearing different things. It's actually really enriching. I think that's a big benefit, too. So I think this is very interesting, in that you potentially spend more time in your local community, then you are in your employer's community location, wherever that is. So what are the impacts of that? I think, well, I would assume that if I'm spending more time in my original community, whether I'm working from home, or I'm working from a co-working space, or the local cafe, I'm probably spending some more money in that community. I'm building some social networks, probably from seeing like minded people. I think that could be a real shot in the arm financially for original communities who historically, possibly had the location and the lifestyle. But they didn't have the jobs to offer people. So they just lost out. But perhaps now, they're not so much competing for jobs. I think that's a really interesting concept and I'm still trying to get my head around. Because I think it's fairly fresh, isn't it?

**Karen Kirton**

It is, and then. So I have Auntie's that live Mid North Coast. Yeah, so they love where they live, and they hate tourist season, because they hate everyone coming into town. You know, so it's great from the money perspective, it's how they all make their money, but they don't like having, you know, there would be outsiders coming in. The other thing for me is, you know, well, is this actually going to change the fabric of some of these towns, because rather than having people turning up in droves through the school holidays through the year, you know, like, if you look at what's happened to Byron Bay over the last 10, 15, 20 years, is that going to happen to some of these other towns that really don't want that? So yes, there's a benefit in jobs and more money, but that also comes with you've actually got to invest more money into the towns as well. I spent last week in Southwest rocks, and I've never seen so many potholes in my entire life. It's just okay, so, you know, clearly Kempsey Council doesn't care that much about Southwest rocks. Sorry, Kempsey Council. Sure you do. But, you know, so it did get me thinking like what happens if you have another 500 people moving to this town? Where is the infrastructure? You know, it's, yeah, just so it's a maybe it's more of a satellite city like the Newcastle's that will get

more of the benefit, because they already have more of that infrastructure in place. Which can only honestly be a good thing for Australia as a whole, to get away from just these big cities. Like if you look at America, you know, a lot of American cities that we all know the names of less than a million people. But they've always just, I don't know, maybe it's a mindset, maybe it's the way the schooling works, but it's just it's one of those expectations, it's normal. That you go to college and normally go to college away from your home. You know, pretty much every American you ever meet if you say where you're from, they'll say to you, well, I'm from blah, but I live in X. That's kind of normal over there. But we don't do that in Australia. We've had a stick where we are and we stick to the eastern seaboard as well. So maybe this will be an opportunity to expand some of that in terms of that bigger societal framework. Who knows?

**Lachy Gray**

I think so. That's true. I found the same model of American. Yeah, I go to the other side of the country for college and they're excited about that.

**Karen Kirton**

Yeah, that's normal. But like you're saying with networks is that they will have networks across the country because their parents have done that, their grandparents or cousins or friends. So they always know someone somewhere. I've always loved traveling through America. I've worked for an American company and you know, I remember I went to Washington once and you know met up with some people that I had worked with and they came down from New York. I had someone else come up from Atlanta, and you know, that wasn't a problem. Yeah, cool, you're in Washington. We're gonna come and visit you. Whereas I've been in England and had someone that was like a half hour drive away and she was like, oh, I can't come and see you because you know I traveled to Sussex yesterday and you know, that was a whole hour away. So I can't travel.

**Lachy Gray**

After recovery.

**Karen Kirton**

Like yeah, I just traveled 21 hours. So I think there's clearly a different mindset and I guess acceptance, you know, in America in their culture. So is that something that as Australians, you know, that will happen a little bit more as we start to enable this move out of the big city. It'll be interesting to see.

**Lachy Gray**

Yeah, I think so. I think again, it's the speed isn't it? Which has happened and I think the government's probably been trying to encourage people to move out of a couple of cities for a long time. Covid came along and was a huge catalyst for them but potentially too far the other way. People feel the pressure potentially to make a decision quickly to cash in on rising house prices. I live in a city for example, so that they can move out of the regional way of interstate or wherever it is. Yeah, I think the point about infrastructure is a good one and that is something that I've read a few times. Now saying that, I think it was on the bureau statistics website. That talks about internal migration and I think from July August September last year, 11,000 people moved out of the capital cities to regional areas, which is a largest net quarterly loss since 2001. But their point of view was that they don't see that continuing and those

few people will come back. To your point, yeah, it's a really exciting move and way to have a better lifestyle location and then they get there and yeah, they didn't have the same infrastructure. So I'm really aware that I've now moved to Newcastle. It is probably technically regional but it doesn't feel like that at all. Yeah, it's really a mini city. That's very different to moving out through a more rural area.

**Karen Kirton**

Well, there is something that you have to come back to.

**Lachy Gray**

Yeah. That's right and then you can come back, as you said, and that was one of the major concerns that I think my friends and family shared with us. If you sell, will you ever be able to come back? Obviously that's a question I can't answer. But it's a big element to the way-up, very challenging.

**Karen Kirton**

Yeah. I'm aware of it and we are super lucky that we bought our house here a long time ago. So, you know, we don't have a Sydney mortgage. If we didn't have a home and we were renting, then yes, that would definitely go in, so okay, well Karen need to get over it and do we actually need to move somewhere else. Because yeah, the house prices are just extraordinary. But I think from a business perspective I think for me and I have you know interview some consultants at the end of last year. There was one who was based regionally. I do consider, if she is someone that I could bring on-board. It worked out that you know the person that we chose was based in Sydney that wasn't the overriding reason but it has worked out for the best because the person that we chose yeah she probably spends a day or two a week on site at clients. Whereas if I'd chosen the other person that I would have actually had to go and hire the other one to do that on-site work. So for me, personally and you know in this case I am talking about a sample size of one which is my business. Yeah, I don't think I could hire effectively as a consultant that is someone regionally. I do have admin and support staff that are all fully remote so one is in the Philippines, the other two are in Sydney but you know, they're fully remote so I could hire that wherever. You know, I had a copywriter in the US at one point so that kind of work is fine but the actual on site client work. I just don't say that I could at this point unless there's some huge shift to hire someone that wouldn't be able to go on site with clients.

**Lachy Gray**

I think that's the thing, isn't it? Not a silver Bullet. But it's interesting that you do have some roles in your business that are fully remote because it makes sense to another that is odd? That's the thing.

**Karen Kirton**

It doesn't bother me whether they are base and that's it, it doesn't matter. The work that they're doing, honestly. If you're copywriting or you're doing social media or doing you know client experience calls you can be wherever you want to be. It really doesn't make any difference to me. So go with the range that we've got with the Interstate, what about when we start getting into overseas? Because I think this becomes a little bit more on the ethical spectrum. So, we've talked a little bit about Automattic. They have said they will hire wherever the best people are across the world. So are we eroding Terms and Conditions in local jobs if I tap into other markets. So is this going to become an issue? A big issue for skills in Australia if these big companies actually start to actively pursue stuff overseas?

**Lachy Gray**

Yeah, good question. Well how about I take the counter position so to make it interesting. I don't think there's a right or wrong on this one at all. I mean, it's interesting that arguably it could make us more competitive because we're up against yeah people from around the world. Assuming that the pay rates are going to be relatively equal, and we're not just going for the lowest cost as the employer.

**Karen Kirton**

Do you think that's true?

**Lachy Gray**

Well I guess we can live it both ways can't we? So if as an employer we want the best person for the job. Then yeah we're democratizing talent really aren't we. We're potentially tapping into different perspectives and cultures from around the world which is amazing. The fact that if someone is in a different time zone says they're in the UK, the other side of the world if it potentially opens up the possibility for almost 24/7 work if it works that way. So there's always someone available, there's always someone working and if you can get that going that could really hit the accelerator for the business that's been very positive. I think I've seen it go very badly as well where that really comes for real challenges for communication too. But yes, if we just want to pay the least amount then that's a big challenge, I think. Then I think you've got platforms like Upwork which are connecting freelancers with work all around the world. But yeah, that's I think that is different to full time, isn't it? Because that is a potentially more contrasting decision to put yourself on Upwork to say that you can work from anywhere. So your cost of living might be less and therefore your hourly rate might be less as well. I think that is very interesting. What do you think?

**Karen Kirton**

Yeah, I think that's true. I've used UpWork and to me, it's just been about the person with the right skills. What I found with Upwork, so with the copywriter I have in America, I want a copywriter that has English as a first Language and so I actually filtered it down to Australian and I couldn't get an Australian copywriter. They were all too busy. So, then I extended it out. I got someone in the US who probably cost me the same or possibly more than someone in Australia. I really don't know, but it wasn't a cost decision. It was just that happened to be the person with the right skills who was available for the work. The first episode of this podcast for those that listen to it, they have noticed that my microphone was having issues that day. I put that into Upwork for an audio engineer and the person who responded to what happened to live in Moldova. So you know, but that's again, not a cost decision, it was just I need someone to do this and I need to do it quickly. I'm sure there are lots of people that would say to me there's plenty of people in Australia can do that but yes, but how do I find them and so Upwork for better or worse and Fiverr and you know, all those sorts of platforms have found a way to make it very easy for people like me that just need something done really fast. Don't want to have to get into, you know, big discussions around sales, conversations and having to fill out a service agreement etc. You know, you just post something on Upwork and someone responds to what you pay them through the platforms. So would I for a permanent role would I go to something like Upwork? No. I think for me that's just about, you know, a short term need at this point. So they might have an ongoing relationship I guess, but I think hiring people overseas from my perspective just adding so much more

complexity to your business and I take your point that you get a 24/7 cycle and that the diversity of thinking, the exposure that you would get to other businesses that I think that is really valuable. I think from an innovation standpoint like how do you bottle that? But from an employment law perspective, it's just like wow like how many so you know with big companies, it's probably fine. They can just have Employment Law Lawyers in every country. But, you know, we're talking about smaller, medium sized businesses. How do you just put a thing out to say, well, I don't care, in what country in the world you live, can I hire you? Like wow you have to understand all of their employment laws. Like, I just don't know how you get your head around that effectively unless you're using something like an Upwork or an agent of some kind.

### **Lachy Gray**

Yeah and then you go into how do you keep the pay fair? So some remote companies in San Francisco for example because it's the most expensive city to live in the US and that's the base. They have these algorithms and they actually share them, a lot of them, paid levels, well, role and experience levels and there's actually a calculation that goes into it to work out the pay. I think it is very challenging and also the fact our wage growth in Australia is so low. I looked it up. I think it was below 4% which is kind of the baseline since 2008 and then for the five years prior to 2019 it was below 2%. So that's extremely challenging especially when house prices are increasing right? We're talking about bars and I think that's because house prices increased by 30% in the past year. So that's out of whack. That is not sustainable.

### **Karen Kirton**

No, but I think you'll have a lot of people that would argue that our wages were too high to begin with. I'm not saying that's true, but this could be a whole other episode, probably 10 parts. You know the change as to employment legislation over the years, including the movement away from unions and collective bargaining has certainly seen in the stagnation of wage growth, there's no doubt about it. That will continue and the gap between what the people at the top of the organizations earn and the average salaries will also continue to widen in my opinion.

### **Lachy Gray**

That's the thing, isn't it? So, in the context of this conversation, you know, I was reading about those house prices increasing and there's some surveys where it is reconns that 60% of new homebuyers borrow money from their parents. That's 60%, and it's usually between 60 to 90 grand.

### **Karen Kirton**

I think I need to save money for my kids then.

### **Lachy Gray**

Exactly. We got savings. That plays into this as well. I know that The CEO of Upwork was interviewed on the distributed work podcasts in 2019 and he was saying it's really one of their missions is to democratize talent but especially for young people who are really struggling with the cost of living in capital cities like San Francisco in the US. They can move out and live with someone that's more affordable and then get paid well. I think that's interesting here as well. Like for young people now, I was reading about a lady that was renting in Melbourne then decided to buy in Daylesford which I think

is regional Victoria, and then has decided to rent that property and work for Merck. She worked, she can work fully remotely from a caravan and barn.

**Karen Kirton**

Yeah. Wow.

**Lachy Gray**

So it's interesting because there are some forces at play out there. If the cost of living is increasing, house prices are increasing, wage growth is fairly stagnant. How do young people get a foothold in the house? Or do they want to or do they actually want to buy? Then if they care if they're more remote jobs available, who encourages them to be just open to working anywhere, whether within Australia, and then potentially when borders open around the world as well. I don't know. But it must be fairly appealing, I would assume. If you can't travel overseas, but you can potentially work while traveling in Australia, I would have always seriously considered that for sure. Back in the day.

**Karen Kirton**

Hashtag van life, isn't it? Yeah, but I think that I do think about when my kids are that age, and what is this world going to look like? Because I remember, originally the earliest start of the pandemic, I wish I'd saved the article somewhere, I'm pretty sure it was in the Herald. But somebody wrote a piece about, you know, we're all talking about the benefits of remote work, but we're all forgetting about the fact that, like, we're now competing against everyone across the world. Are we actually ready for that in Australia, because we've always had the tyranny of distance. So now, if there isn't that we're actually competing against people overseas? Are we competitive? So I think that's going to be a huge societal question. You know, will that further erode the terms and conditions that people are receiving in Australia, because the company can hire someone overseas with the same skill set that just happens to be a lot cheaper, because they're living in a country that's got a cheaper cost of life? So you know, which has been a strategy for large organizations for a long time, right? Like, you know, all the call centers that are overseas, there's been backlash against that in Australia for a long time, you know, all of our textile manufacturing. So is it now going to be knowledge workers as well? Then that leads the question to okay, well, then, what's left for Australia? So can we become more competitive? Does that mean losing money? Which, as a business, is that actually a benefit? Or is this just a massive ethical question that business owners are going to have to answer in terms of, do we go overseas, because it's better for the business because we can run that 24/7 and get that diversity in the innovation? Knowing that, yes, it's also a cost saving strategy. I just, and then you get to the cultural differences, as well. So are you then adding in complexity because you need to start understanding across cultures, and doing cultural training with your people so that you don't end up with massive conflict across your organization. So I'll tell you a very quick story. when I worked for an American company, we had a new Managing Director come out. They brought him out for America, he was in the American business. I took him around all the stores in Sydney and he didn't have a great reception. I'd known the guy for like two days that I had to sit down with him. This is the joys of being an HR person, by the way. I had to sit down with him at the end of that, and give him really frank and honest feedback about what he'd done that had really annoyed the staff. He didn't realize and it was a cultural thing. I remember making this really difficult conversation. The next morning at breakfast, I met up with him and he said to me, "I did not think that going into another English speaking country, I had to think about cultural differences." He

said, I thought about what you said, and that I think was his brother-in-law. He got in contact with him and he sent him this list of the differences between Australians and Americans. Then we had a really constructive conversation about what it was that he did that and why it was taken so badly and what the differences are. Then we went around the Melbourne stores and they all loved him. It was just, it was really, it's something always stuck in my head. Because I think that we do forget that across English speaking countries, I've also worked across New Zealand, and that's quite different as well. You know, there is that level of, we don't actually really understand that culture because we don't live it. So as business owners, if we start including, let's say, we've got 30 staff, and we did start to include 10 people that live across different parts of the globe, what's then our job in trying to get across those cultural differences in that understanding, to try and make sure that we're keeping the wheels on?

### **Lachy Gray**

Absolutely. Such a massive challenge, isn't it? But I do think if I mean, there's so many benefits there as well, because we can apply those learnings back to our own communities can't we? You could argue that something where we could improve that. So yeah, I think it is very challenging, but again, and I think we've referred back to this a few times, there's sort of principles of open communication, trust, and keeping an open mind in going in knowing that we're not going to know all the answers, and it's probably going to be different to what we expect. That's okay. It's going to hurt and there's gonna be some failures. So, I think it goes back to culture, doesn't it? Having that strong culture, to weather the storm? Try to maintain and grow the culture, adding in people from different countries into different perspectives and having difficult conversations? Yeah, I mean, it feels just even thinking about it feels overwhelming. But I mean, that's a reflection of the world that we live in, isn't it? We are interconnected on all levels. Then I guess you've got this concept of sovereignty now as well. How does that play into this interconnectedness and the ability to work from anywhere and have staff all over the world and is that from a strategic perspective going forward? There's some up, some interested in some companies that actually move away from it, or are forced to move away from it. So it's going to change a lot. As you said, with the borders being closed, it's quite hard to know. I mean, I'm assuming that is promoting a lot of internal migration. To what extent does that change? When the borders are open again, with no idea.

### **Karen Kirton**

That could be a way that you know, businesses could look to employ people who are overseas at the moment that want to immigrate, but can't because the borders are closed? So maybe you're just hiring them in advance of them being able to immigrate? I'm sure there's some Migration Agency out there that's tapping into that market, because we know that levels are so low, because they just can't get the flight. So, you know, is that a potential market out there for people to try and tap into as well? If I don't want that ongoing complexity of having people overseas?

### **Lachy Gray**

For sure. Why do you think you've got industries like hospitality, you're screaming for staff. So I'm assuming it's only gonna continue. Because there was this trend as well, that there are some roles that people don't want to do. We have a lot of transport customers you know, truck driving. They told me it used to be a career. People would do it for their whole life and be proud of it. Now they find it really hard to find drivers. Because the young people just aren't interested. They don't want to do long shifts

or work overnight. It's a big generalization, but yeah, they want to do Monday to Friday, 9/5. The long haul just doesn't work like that.

**Karen Kirton**

It's the uptake in universities as well. So rather than leaving school and going and getting a trade or going and getting a job, which in my day, you're allowed to leave school when you were fourteen and eight or nine months, I think it was. Because you're not allowed to do that anymore. So, is it more that the kids these days and a lot of kids when they're, they're leaving school. I know there's lots of different pathways to you're living in 12 to do Vocational Studies but I do think it has more of an uptaking to university then there was when I was leaving school and certainly my parents generation. We've just changed the way that we want to work or that we're expected to work. I'm not sure what it actually is.

**Lachy Gray**

Yeah, for sure and what do you do for your degree online now? From anywhere again.

**Karen Kirton**

I did both of mine online.

**Lachy Gray**

Did you?

**Karen Kirton**

Yeah. Just the ease factor. Although I have to say the first one they did send me big paper folders and then you'd work through it and then you'd go on line and you submit a word document or something because that was back in the dark old ages I think that was 2001, 2002 something like that.

**Lachy Gray**

Wow.

**Karen Kirton**

Then the second one was fully remote but I had to do a residential because it was a psychology post grad you're required by the APA to do actual face to face teaching. So we had to do two residential in Bathurst, which was freezing cold but a beautiful city. There was actually no point to go there though. It was nice to meet some students but yeah, it could have all been done remotely. Which I guess is what we're seeing a little bit at the moment is that the universities are very reliant right now, on people doing their degrees remotely because they don't have all that overseas students that were having before the pandemic. The last time I looked, I'm not sure it's still the case but education used to be our second highest contributor to GDP. So you know, there is a big issue there if we can't get the students into the universities as well.

**Lachy Gray**

For sure and the impact on r&d as well, I think a lot of investment went. I think if schools now change the curriculum is changing too. So I think that's a mindset shift and then if you need to grow online that's going to for sure influence how they want to work. Do I want to work and I want to say well, why

should I live somewhere and commute five days into an office job. With my job I've just spent three years doing my degree online, while I work this job and I've had these experiences. I want to continue that. Very Interesting.

### **Karen Kirton**

That's a tough one. I think it's a lot for business owners, I think there's a lot of questions there about, or what is it that actually works for your business? Then doing the pros and cons, but then also, then you've got the ethical layer, as well. I guess the only other thing for me in terms of having people working interstate and overseas is also I've just said the last four months that people aren't taking leave. So I do wonder about, you know, when we've got this idea of working anywhere, are we actually giving people some respite? Or is it because I'm just so happy that I've got that three hours a day back from commuting? I don't, and the border is closed so I can't go to Hawaii. You know, I'm just not going to take any leave now. So I think it'd be then going into an international workforce, which has completely different leave requirements as well. That's also something that I think about in terms of running a business is like, well, then how do you actually make sure that all of your staff are getting leave? What happens if you've got Australians that get four weeks a year, but Americans only get two? You know, I can't remember what it is in Japan. But let's say might only be one week over there, like, you know, what is it that you then do as a business? I think there's still a lot of questions there. I don't think it's as easy as "Oh, we can all work remotely now let's just go and find someone overseas"

### **Lachy Gray**

Oh, absolutely. I think we had that last year and I had really few conversations with our team about the importance of taking leave. I appreciate that we couldn't go anywhere. But for me, it was to leave from not work from work. So you're not working, it is so important to have that downtime, which is arguably far more difficult now, when you have to set the boundaries yourself. So yeah, we've spoken about, you don't have that as physical signals anymore. We work, we walk into the office and people get up to make a coffee, and then they go to lunch, then they finish the day and they leave and so or maybe I should go as well. We've that coupled with an unhealthy culture in terms of email at all hours and expect it to always be on and so on. Yeah, I think you could argue it's actually worse for health and productivity, then there ever was an open office ever was. But I think the sum of the parts that make it challenging were already there and it's just it will have exacerbated them. But again, I think it's a conscious conversation to talk about it and say and check in with people. That's something that we've just launched a remote work survey this week. Actually, we do it once a quarter now, just to check in and find out what's working and what's not, because I'm really aware that it will change. Especially now that we've been fully remote for, what, 14 months, 15 months? People might start to get sick of it after 18 months. It might have been really good in the beginning. It is Oh, and if the friends are returning back to the office, and do they miss that. So that is difficult to embrace as a leader, to embrace the change in the shifting sands. This was such a big change to think about changing again. It takes a lot of focus away from running a business. I really appreciate that. However, I think it's the reality of our working environment, that it is changing so fast and it's changing personally for us all too. So just have to be aware of that and talk to the staff about it, and how they've been impacted and what's going to work for them. I'm sure that how it works will continue to change. Who knows it will still be fully remote in a couple years time. I'm very open to not being you know.

**Karen Kirton**

Maybe we are based in Newcastle.

**Lachy Gray**

Yeah, that's right.

**Karen Kirton**

Come on everyone, come up, come up, come and enjoy.

**Lachy Gray**

Should ee move to our in the news segment.

**Karen Kirton**

Yes! So I went for one that's a little bit on the side of the conversation. But I was just, I think when I was thinking about the idea of working regionally or you know, going into other employment markets, and then I started to go and check out what that includes overseas and then what happens in terms of workers rights. Then there was an article in The Sydney Morning Herald this week that really stuck out to me, which was about the Deliveroo? So have you heard about that, but, you know, the gig economy, you know, has been under the spotlight pretty much since it started in terms of is this just a way to get around our employment law, basically. Delivery actually lost an unfair dismissal case against a driver. So, you know, this is meant to be an independent contractor. You know, he didn't log into his platform for seven days. They sent him an email and said, you know, you can't work for delivery anymore. They actually just said, "Well, no, we don't accept that there's a lot more to employment, then, you know, just your version of what an independent contractor is." I found that really interesting, because I don't know if you remember, Foodora, they lost a case a couple of years ago. So they actually just decided to leave the Australian market altogether. You know, Uber lost their case in the UK a year or two ago, I keep forgetting how long ago what things were now it probably was two years ago, I feel like last year has disappeared into this vortex.

**Lachy Gray**

Is it just pre Covid or post Covid?

**Karen Kirton**

I know right. So probably was two years ago, but you know, they were deemed as employees in the UK. Whereas in Australia, they haven't quite gotten there, they have settled similar cases. So when they're settling, if they're not, therefore becoming a test case, so they have to really change all their contractual arrangements. Then also, a couple of weeks ago, you know, Menulog, so they're going to trial hiring employees. I just find it fascinating, because I think, but you're saying that the independent contractors, but now we're going to trial, as employees, so I thought, what is this? Is this an insight into seeing what happens when companies start to tap into overseas markets? Because are we going to start saying, you know, unions and other employee groups standing up and saying, well hang on, if the person over there is doing the same job as the person here, you need to be paying them according to the Australian legislation. I think that's going to happen at some point, if this gets a lot more uptake. Which then just becomes fascinating. Because then can I go and live in India, but earn the money that I

would earn in Sydney? Is that right? Is it wrong? Yeah, it's just so many layers to that. So I found that interesting and I'll be fascinated to actually see what happens with Deliveroo through and whether they move to doing what Menulog is doing and just bite the bullet and say, "Okay, we're just going to accept that their employees and that everyone's going to get upset because their fees for their meals are going to go up." You know, or are they just going to try and weather the storm and see what happens. But I think that the shift to remote work is going to have much wider impacts in terms of our legislation, not just where we work, but also how we pay people. What was your article?

**Lachy Gray**

Yeah, I'll get to that in a second. I did say that in the Deliveroo article. I mean, the question I always come up with is, who stands to benefit from that arrangement as an independent contractor? Of course, the companies will say, "Oh, you know, it gives people the choice and the flexibility, and that can work for many different companies." I'm always very skeptical of that, I think, you know, it's really baked into their business model, to have that flexibility and to pay people as probably as low as possible. Then everything changes if they are a full time employee with all the additional conditions that they'd come on top of that. I agree, I think it's a problem. I think the gig economy is an interesting one to do an episode on as well. I think you can see in the US they are changing the social fabric in very, very big ways. Without having job security, how can you do things like get a mortgage or put your kids in daycare? You don't know necessarily where your next paycheck is coming from. To be in that mindset must be extremely challenging.

**Karen Kirton**

So I guess it would be argued if it is different to running your own business, which we've been doing for centuries. So it's just another version? I'm not trying to say that I agree, because I actually don't agree with the erosion of terms and conditions. But, you know, but I think there's an argument there for well is this just another way for someone to easily start a business.

**Lachy Gray**

Yeah, I don't say it's a business, though. I mean, I think because ultimately you're contracting your time and you've got a finite amount of time. You could work. So in that way, you're no different to a tradie or taxi driver. Yeah, like, just time. Yeah.

**Karen Kirton**

What's your time worth?

**Lachy Gray**

Yeah, you don't have control necessarily into the future. Whereas I think as a business owner, you do. So yeah, I would be an interesting one to explore further for sure. The article I found was, in the Sydney Morning Herald report commissioned by business Western Sydney that looked at encouraging workers to do a couple of days a week from home in what they call a touchdown space as a response to the long travel times that workers in our western suburbs face every day. They said that nearly half of the 200,000 people who leave Western Sydney every day for work are now working locally, because of COVID, which has boosted spending in local centers by about 12%. That is another really interesting

quote, as well that half of all new jobs in New South Wales were created within two kilometers of Sydney CBD in the 10 years to 2018. Half of all new jobs.

**Karen Kirton**

Wow.

**Lachy Gray**

But most new housing was built in out suburban areas of Western Sydney. That's what the penny really dropped for me. I thought, Oh, wow.

**Karen Kirton**

Wow, I wouldn't have thought it was that high. That's amazing.

**Lachy Gray**

Massive and so the executive director of this group, business, Western Sydney said the goal should be to get to and from work in 15 minutes. I love that. I think it'd be a little bit different at the moment. But I think the New South Wales government's been trying to build those satellite cities for a long time, even though Parramatta, probably Liverpool.

**Karen Kirton**

How much are they trying? I probably sound really cynical, but I grew up near Parramatta. You know, I'm quite familiar with the area and yes, it has changed over time. I don't honestly think it has changed that significantly over the last 30 years. So I think there are more government businesses and there are more restaurants. I think it's a beautiful city. But I really struggled to see that they've actually put that much investment into it. Sorry, I'm gonna get a bit of a soapbox. But I have a friend who lives in Turramurra and she retired and she wanted to volunteer at Westmead Children's Hospital. She has to get a train into the city and then back out again into Parramatta to Westmead to be able to do that. So originally they were going to have the Parramatta Train line go between Parramatta and Epping, which would have opened up that entire corridor. So that's where you can have a lot more businesses in Parramatta because suddenly you can get you know, people from a lot more areas of Sydney into Parramatta and they canned it due to funding. So, now they're putting, you know, another light rail and because of all this fascination with light rail, apparently but I still, I just Yeah, I know they always say oh, we're investing in Parramatta, investing in Liverpool. Honestly, I just don't see it. I think that there's a lot of Western Sydney outside of Parramatta and I worked for a company for five or six, seven years ago, which was at Huntingwood which is near Eastern Creek, which is just outside of Blacktown, and we always struggled to get people because nobody wanted to travel there because there was no trains or no buses. You know, trying to get anybody and I just always used to just kind of bang my head and think where all these people that are living in Western Sydney that don't want to work here. It was just crazy to me. So I don't know what's going on there but I think that a lot more investment needs to be made. That 15 minutes, the reason I laughed is because as you know, I could try and drive about four kilometers and that would take me 15 minutes from my house sometimes. So I think that's a bit of a stretch really.

**Lachy Gray**

Yeah for sure. I'll hop in that traffic as well but as an aspiration or goal, you think about how it could work? If people are working locally and will they already yeah, they're spending more cash, you know local lawyers will change things? I don't know, but I think it's very interesting to see groups like them, you know, agitating for that, because, yeah, I still think traffic from commuting just just blows me away that that's still a thing in the 21st century and that we do have hopefully some solutions to it.

**Karen Kirton**

Yeah, well, I think one of the first things is the public transport and if it is anyone who's based in Sydney, you probably noticed the road to have been terrible because no one's getting up in public transport. Everyone wants to drive because of COVID so yeah I think I don't know what the answer is but I do feel that there needs to be a lot of significant investment. Put into that out in areas in your second airport going in as well which will create a lot of new jobs. That is where a lot of the housing is going. So what do we do you know from a state base but also from a local base to actually make sure that we're investing in all these little satellite type cities, really. Let's get people out of the CBD. We don't need to work in the CBD. From a business side perspective that's really expensive. So if you could have an office in Parramatta or Liverpool or Blacktown or whatever, and you could easily get there on public transport, then why wouldn't you?

Do we have time for a question without notice?

**Lachy Gray**

I think so. I think we can do it.

**Karen Kirton**

So mine was if you were to start your business right now, so you and Mark have just gotten together and had this great idea to start, Yano, what would you do? Where would you look to hire? Would you look to hire overseas or interstate from the outset or do you think he would still stick locally in the beginning and then work it out as you went?

**Lachy Gray**

It's a great question. You know I think my initial thoughts are, you know in those early days when you are starting something from scratch being together, being able to see each other was super beneficial. As much as for the support I think is anything because just so much unknown and so much uncertainty and you're working really hard. I think to be out to see each other is helpful. But because that's the experience that I had. So I haven't had experience starting up a business fully remotely. I thought I didn't know what it would be like. I would be open to it. I think, again, it depends on the talent, doesn't it? Where are those core people? Where do they live? What are you working on? If you're working on hardware, I think you would need to be together. For what we did in Yano, again, for software, we don't need to be together but I do think it helps in those initial stages as much for the supporters as for what you're actually working on. Because it is so emotionally draining and challenging.

**Karen Kirton**

Absolutely.

**Lachy Gray**

My question for you, I think you've already answered really well, so I was gonna ask you if you've considered moving to a regional area.

**Karen Kirton**

Okay. And I'll tell you, we did, my husband is one of those people that every time we travel, he always wants to leave wherever we are.

**Lachy Gray**

South West Rocks

**Karen Kirton**

He didn't actually say it at Southwest rocks, maybe he knows what my reaction would be. Because I always say to him, like, where are you going to go? Like, he has a big family, and they all live very close to each other. So that's one of the things that I always say, but you just wouldn't, because you're never going to move that far from your family, he just wouldn't do that. But many years ago, before we had kids, we did seriously consider buying a business, you know, in a regional area. We were thinking about it more as a sort of short to medium term thing, just to, like it was never will come back into the city, we won't go back as a city, it was always going to buy this business, we're going to, you know, run out for five or 10 years, you know, when the kids get old enough to go to school, go back to Sydney, that was kind of our thinking at the time. But it just worked out, it became hideously expensive, it meant that we would have had to have sold our house, but I didn't want to because I always want the ability to come back. So we just didn't do it. There were a lot of considerations for me and this was like a proper rural. It wasn't like Newcastle, but you know, I did look up things like how far are the schools? How far are other hospitals? You know, how long does it take to get a doctor's appointment? All of those things? And it just, yeah, it just became really unappealing to me. Yeah, let alone the cost of it. So. But I do think about my kids and we often joke because we have a rather large block of land that we're going to build a house out the back for one of our kids and a house at the front for the other one. Because they're not going to be able to afford anything in Sydney. So I do think about that. I think if we let's say that we didn't have those family ties, and that we were happy to move elsewhere, I do consider well, then where would my kids work? Where would they go to school? Where would they go to Uni? Would they leave and have to go into the city? What does that look like? Yeah, but I think let alone my personal feelings, I have actually just realized this year that my business is not a business that can be 100% remote.

**Lachy Gray**

Well, I think it helps to have an answer to that question. You don't have to expend energy reviewing it all the time. You know!

**Karen Kirton**

Yeah!