

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

Mansfield — 14 August 2013

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Mr D. Ritchie, Delatite Wines.

The CHAIR — Welcome to the public hearing of the 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 the 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. David, for the benefit of the Hansard report, could you give your name and business address.

Mr RITCHIE — David Ritchie, 26 High Street, Mansfield. I own and run Delatite Wines, which is located outside Mansfield.

The CHAIR — With your presentation, would you like to take questions as we go along or at the end?

Mr RITCHIE — I do not mind, either way, whatever.

The CHAIR — Very good, so would you like to lead off with a few comments?

Mr RITCHIE — Two or three years ago we moved our office and cellar door into Mansfield from the winery, which is about 8 kilometres outside Mansfield. From a cellar door point of view it was to garner more traffic and have a higher profile. The winery is 2 or 3 kilometres up a gravel road, so we found we got less visitors. As it has turned out, one of the biggest advantages of us doing that was that out at the winery, even though we had satellite communications, the internet was not ideal. Even now when we have wireless out there, again, it is not ideal at times. I live not far away from the winery, a few kilometres away from the winery, and I would normally like to do a lot of work from home as well as from the office in town. We are increasingly focusing on direct-to-consumer so that we are less reliant on the supermarkets, and part of that is internet communications, the website and all that sort of stuff.

We have very good communications in Mansfield. According to one of the tech guys who gives me advice, our ADSL connection there is one of the best in Mansfield, and I have no problems with it. But once you move away from that, either to the winery, which is our production facility — our vineyard and winery are out there, and obviously we have a lot of exchange of information between that site and our office — or to our home, it is pretty useless. To try to download or upload files or photos is quite slow. In terms of the wireless communication, I really do not think the NBN will do much for that. I do not think either of the federal party policies will address the problem that we have, at least in the short term. It makes doing business from either home or the winery less than ideal. I can see that affecting not just us. For anyone who is outside the main hubs where internet is given basically through cable it is problematic.

At our home we are in sight of telecom towers. We are with Telstra, and they are not far away. Half the time the internet does not work. It drops out. You will be in the middle of downloading stuff and it crashes. For me, if I am trying to do business with our distributors or overseas, it is just not possible. We were fortunate that we made the decision to move into Mansfield in that we can do all we need to in Mansfield itself, but that also comes at a cost in terms of rent and whatever else. My sympathies are with businesses that are not located within the town.

The CHAIR — On that, could you indicate how your business has grown and what you have been able to do since you have had that office in town?

Mr RITCHIE — It is incremental, but in terms of dealing with our financial information, we are uploading and downloading ZIP files and quite large files, 6 or 8 megabyte files. They are not big by metropolitan standards. But if we are out at the winery, for example, it would quite often crash or freeze in the middle of trying to download those files. We certainly cannot even think about doing it at my home. In terms of how we are growing the business, we are doing a lot more direct-to-consumer stuff. We are emailing and using the latest tools via the website to contact our direct customers.

Again, although it is okay in Mansfield itself, it is the sort of thing we could not do and I could not do with a laptop at home, yet that would give me a lot more flexibility. For us a lot of it is researching new wholesale customers, equipment, supplies and all that sort of thing. One would hope that being in the country you would not be at any other disadvantage than people who are located in metropolitan or large centres. In terms of downloading videos, these days a lot of equipment information is on video. I was looking at one just before I came here on a new mulcher/flail mower. This sort of equipment is very important to us because we are biodynamic so we do not use any chemicals in the vineyard. Anything which is going to cut the grass under the

vines and get rid of water shoots is important to us. That was a YouTube video. If I were not in Mansfield, if I were in one of the other two places I work from, I would not have been able to watch it.

The CHAIR — Getting back to your office in Mansfield and your direct sales, since you have had that, how have you used that to direct market your wine?

Mr RITCHIE — I suppose we are growing our customer base quite substantially through contact with people who drop in.

Mr HOWARD — Can you give us a picture of your customer base at the moment — domestic, wholesale, international, local?

Mr RITCHIE — Yes. Our customer base is about 10 per cent export, it is about 50 per cent direct to consumer and also direct wholesale, which is controlled by us, and the balance goes to our national distributor. We did have a larger export market until the high Australian dollar and we are looking forward to a high export market again, but in the meantime it is really important for us to grow our direct-to-customer base. We have 2000 people on our mailing or email list and we have 500 club members who are very valuable to us in increasing just email contacts, so it is important that we can update our website on a regular basis by uploading photos and whatever and making relevant information available to them.

The CHAIR — How often would you contact them, and what sorts of things do you do?

Mr RITCHIE — We are contacting them now — now that we have finally got ourselves organised, which has taken quite a long time — every month. If we were to get a major award or recent reviews in James Halliday's book, we would contact them and hopefully drive sales that way. It is not just driving sales, of course, it is also just building the brand, and that is through social media sites as well.

Mr DRUM — Are you located at the Jamieson road? Is that where you are?

Mr RITCHIE — Yes. Either off the Mount Buller Road or the Jamieson road is where the winery is. It is very frustrating in the country when you are trying to get information compared to the sort of information you can access when you are in the city. Just in terms of connectivity it really is frustrating when things drop out all the time. And it is a two-way street: it is not just us wanting to communicate, it is also people wanting to communicate with us. I think that is a real barrier to the growth of smaller businesses in the country.

Mr DRUM — I suppose that is so especially when your competitors effectively do not have those issues. You might find someone around the Bendigo or the Healesville region — —

Mr RITCHIE — Or Ballarat, whatever, who has that high-speed net access. We have a fibre cable that goes straight under our front drive on the way to Jamieson, and that is very frustrating too because you think 'Someone is getting access to that. Why can't I just put a star picket through it and connect up the modem to that?'. One cannot do that of course.

At the moment I think neither of the major parties federally — and I know this is not really your remit, except that you can hopefully take these sorts of concerns to the feds — are doing much at all in terms of rural areas except for the major centres, and I can understand why. Telecommunications in Australia, like a lot of essential services, has always been a guarantee for everybody, and at the moment it seems that — without wanting to sound like I am complaining — we are being forgotten or disregarded, which I would not have thought was a good idea in Indi right now.

Mr DRUM — I suppose one thing this inquiry has borne out is the number of different locations not far away from major regional centres that have these black spots. We really have become aware of just how many agriculturalists, whether they be grain growers, horticulturalists or whatever, have inadequate access to mobile phone and internet technology connections.

Mr RITCHIE — I run my business from my iPhone — from smart phones or whatever. We are being driven that way, which is great, but that is the way we are going. Mansfield is lucky in terms of our phone coverage compared to other parts of Victoria and New South Wales where a lot of my friends have hopeless coverage. I think in Mansfield we are lucky, but there are still significant gaps.

The CHAIR — We also need to hear the positives that you have since you established your office in Mansfield — the advantages there could be to grow your business.

Mr RITCHIE — The advantages are simply just time and effort. Rather than spending 6 hours trying to update a site, in Mansfield it will take probably an hour; at the office it will take 5 or 6. I am really the only one who can do that. I cannot get my winemaker to do it or the girl who runs the accounts. It is my business, and it is me that I am selling, not just my wine. It is the lost productivity that would have happened out there as opposed to in here. I suppose what would have happened is I would have got somebody else to do it, and it would not have been me doing it then. It is more an opportunity cost. There have been significant advantages, but we have not really seen them because we have not been out there over the last two to three years. I know the communications out there are just as bad as they have always been, so as our business is relying more and more on technology, especially via the internet, we would have been in a much worse place. But I cannot actually quantify it. It is hard to quantify.

Mr DRUM — When you export, even though it is only 10 per cent of your total produce, what sort of contact do you have with those purchasers? Do you make the sale with an Australian agent and then not have much to do with it at all, or do you actually have ongoing communication and an ongoing relationship with those purchasers?

Mr RITCHIE — With the Chinese it turns out it is probably still a one-off, or it might be a two-off, but with the Japanese and in the UK it is an ongoing relationship. There are a whole lot of regulations around exporting wine. That is all web-based. For us to fill in those documents out at the winery it used to take us 5 or 10 minutes per page, even though it has been streamlined now, whereas here it takes 5 or 10 seconds for the page to load. There are those sorts of advantages or disadvantages, depending on where you are, from government and quango regulations.

Mr DRUM — We saw an example many years ago over in the Riverland area of South Australia where horticulturalists, and I think they were wineries, actually had mobile phone-controlled watering systems.

Mr RITCHIE — Yes.

Mr DRUM — You would not have watering systems out here, would you?

Mr RITCHIE — We do, but it is not automatic. That could actually work. Where we are it would work because we have very good phone communication; we just have rubbish internet out there.

Mr HOWARD — I think we have a fair picture of your business and the benefits or the opportunities for you if you have an internet connection.

The CHAIR — Any final comments you would like to leave us with?

Mr RITCHIE — I am quite passionate about the need for high-speed internet in the country. I have said jokingly to a good friend of mine who is an adviser in Canberra that I would change my vote if one of the parties, depending on the party, would guarantee high-speed internet. I know quite a few people — quite a few of my friends — in the country would probably feel same way. I do think it is a very important issue, but it is not one that seems to be recognised. I am delighted that you are recognising that we are having problems.

The CHAIR — Thanks very much, David, for coming along, for your presentation today and for taking time out of your busy schedule. In approximately 14 days you will get a copy of the Hansard transcript. You will be able to make corrections to obvious errors, but other than that it will remain as it is. Once again, thank you very much, and all the best with the marketing of your very good product.

Mr RITCHIE — Thank you very much.

Witness withdrew.