

# 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

#### Members

Mr D. Drum  
Mr G. Howard  
Mr A. Katos

Mr I. Trezise  
Mr P. Weller

Chair: Mr P. Weller  
Deputy Chair: Mr G. Howard

#### Staff

Executive Officer: Ms L. Topic  
Research Officer: Mr P. O'Brien

#### Witnesses

Mr L. Blampied, general manager, and  
Mr J. Cotterill, IT manager, Buller Ski Lifts.

**The CHAIR** — Welcome, Laurie and Jon, to the Rural and Regional Committee of the Parliament of Victoria and its inquiry into opportunities for people to use telecommuting and e-business to work remotely in rural and regional Victoria. I hereby advise that all evidence taken at this hearing is protected by parliamentary privilege as provided under the relevant Australian law. I also advise that any comments made outside the hearing may not be accorded such privilege. For the benefit of Hansard, could you please give your name and business address?

**Mr BLAMPIED** — Laurie Blampied. My address is: c/o Buller Ski Lifts, PO Box 1, Mount Buller, Victoria.

**Mr COTTERILL** — My name is Jonathan Cotterill. My address is the same as Laurie's.

**The CHAIR** — So, Laurie and Jon, would you like questions as you go, throughout your presentation, or at the end?

**Mr BLAMPIED** — Whatever pleases the committee. We do not have anything to say of more than 10 minutes, and we would welcome questions during the course of that.

**The CHAIR** — All right. So you lead off with your comments, and then we will have a discussion.

**Mr BLAMPIED** — First of all, I will introduce myself. I am the general manager of Buller Ski Lifts. I have been associated with operations on the mountain here since 1996. My experience here predates a lot of things, such as telephones, that we have at Mount Buller. There have been massive changes in that time in terms of technology. I invited Jon to come along today as well. Jon is our information technology manager. He has had quite extensive experience in other businesses and particularly in this sphere. If there are any technical questions, Jon is very adept at being able to answer those.

I thought I would start by giving you a rundown on our current utilisation of e-commerce and telecommunications. Probably the most significant change that has happened in our business, certainly over the last five years, is this move towards online transactions for lift tickets and ski school products. If you look back to three years ago, the amount of product that we would sell online, apart from season passes, was next to nothing. The major reason for that was really about the ability to deliver benefits to consumers. We could always sell a ticket online, but it was the fulfilment process where someone would still have to come into one of our points of sale and collect a pass to be able to access the lifts.

In 2012 we introduced new technology. I am loath to use the word 'myki' because I do not think that necessarily does justice to our product, but it is a very similar business process. All of our guests are now given an RFID card. When that RFID card is validated, paid for if you like, it allows people to present at a turnstile and the gate automatically opens and no further correspondence need be entered into. The greatest advantage of that is that our guests no longer need to queue and buy a ticket, and they are able to reload those products either at home on their PC before they leave, or this year they can now do it with another application — a mobile device, either a phone or an iPad. They are able to buy and pay for those products and virtually go from the car park to the lift without stopping.

Last year we sold about 8 per cent of our products via these new portals, and this year we estimate that will be 15 per cent. As time goes on more people will become aware of the technology, particularly for Mount Buller because we are so close to Melbourne. People make a spontaneous decision to visit Mount Buller for a day, not necessarily for a week or five days. They will have the ability to pay for their skiing products, and we will do something cooperatively with the resort management boards, so that will cover the entry into the resort as well. As I said, that is a huge upside for our business. Where that is going to finish in the future in terms of the percentage of people who use it is a bit of a guess, but we have doubled that this year, and I expect we will double it again next year. I hope by the end of 2014 that about 30 per cent of our guests will be using technology to pay for their products.

The benefit of that e-commerce solution is first and foremost about having an improved customer experience. The winners out of that are the mums and dads and the people who are putting their hands in their pockets to go skiing. If we can get them out of the cars and onto the snow in the minimum amount of time, that makes them feel good about it. For the first time we also happen to know exactly who our customers are. Prior to that it was a bit like jumping on a tram and buying a tram ticket. You might have known you had 300 000 customers for

the year, but you really did not know who they were, where they came from and what products they were really interested in. Now we are able to know exactly who our customers are.

We offer them a whole bunch of other incentives. In terms of security, previously if you bought a lift ticket — and the lift ticket for a five-day multiday pass might be worth \$500 to \$600 — and you lost that ticket, we had a policy which was not a very nice policy, but it was an unavoidable policy of no refunds. Even though somebody could demonstrate the fact that they purchased a ticket, we had no idea what they might have done with that ticket. Whilst they might claim to have lost it, which legitimately people did do, that put us in an invidious situation.

**Mr DRUM** — They could hand it over to someone else too.

**Mr BLAMPIED** — Of course they could. Every time anyone ever got caught without a ticket, guess what? They had always bought one but then they had lost it. We have seen benefits like that, where people have security. We now have policies for wind-hold days. A couple of times this year we ran out of snow so people were ticketed for future days. We were able to load a credit for them. We can do all these sorts of things that are really important in this day and age in terms of meeting the expectations of our guests.

The other important aspect is that it is about lowering our costs. If we are able to sell all these products electronically — particularly season passes — we can lower our costs. Those of you who know anything about the ski industry would have seen that over the last 12 months season pass products have dropped from around \$1200 or \$1300 to \$800. One of the reasons for that is some of the new efficiencies we are getting from our ticketing systems. Obviously we also do not need to employ as many people at the gates validating and selling passes.

There are some huge benefits for customers in terms of service and cost. For the resorts and us in particular it is more about increasing visitation. If we know who our customers are and we can market to them, give them a better experience and devise products that are tailored to them, then we would expect the dividend for us to be increased visitation. That is what we are all about at the moment. That is not just from our company to consumers; we also have a business-to-business portal where we have travel wholesalers and day tour operators with buses and a whole range of other permutations.

The other area in which we use technology extensively — and in particular web-based applications — is our HR systems for our recruitment. We employ 800 people. There are not 800 people available in the Mansfield district for us to engage. We are employing people not only from all around Australia but from all around the world, particularly ski instructors. Having a technology solution to first of all receive and screen applications, collect all of that data and then have Skype interviews and all of that sort of stuff is becoming increasingly important for us.

We also use these tools in terms of training and inductions. You would appreciate that there are a lot of compliance issues we must satisfy these days — whether they be working with children or for lift operators — as well as all of the other normal employment-related obligations. To have technology assisting that — not only to deliver it but also to record the training — is very important for us.

We also use our HR systems to advise employees about their rosters and provide payslips, statements and group certificates. All of that sort of stuff is really very important in this day and age, particularly with a casual workforce, and our workforce is highly casual. They might not know today if they have work tomorrow, so it is really important for us to have an effective and real-time solution to communicate with our staff.

**The CHAIR** — Has using all these technologies to communicate led to greater retention of your staff? Earlier you spoke about ticketing and selling online and you said that you were planning to grow it from 8 per cent of your business to between 15 per cent and 30 per cent. Did that increase your business? I suppose there are two questions there — the retention of staff and whether selling online increased your business.

**Mr BLAMPIED** — In terms of business volumes, it is difficult for me to answer that question after two years of using this technology because we are like farmers; we are snow farmers. The seasonal variation year on year is too significant to be able to provide an unequivocal answer to that question. Once we get through a few seasons and we are able to go back and benchmark against previous years, I will not need to be as guarded as I am. I can certainly tell you that if you just compare visitation this year to last year, we are down significantly,

and I can assure you that it has nothing to do with the technology and everything to do with the weather — the warmest July on record and all those sorts of things. There are some external factors that influence that.

In terms of staff retention, I do not think those factors such as having those systems have a direct impact on staff retention. What I can say though is that the majority of our staff are Gen Y or Gen X, the next generation, and they have very high expectations. They want to be able to get home and get on Facebook and share it with their friends. If they are internationals, they want to be able to Skype family and friends overseas. They do not want to use it just to get their payslips or look at the roster. For that generation it is a bit like us going to work with one arm chopped off; they just expect it. That is not something they would like; it is what they expect. In the majority of our staff accommodation houses we do not have the sort of technology that they expect. In the Sawmill area we have about 80 people in our own staff accommodation. That is also where the people who work for us on a year-round basis can afford to live and it is where they choose to live. Communications there are good.

**Mr DRUM** — If I could pick up on that, when you are asking your staff to top up their myki card, can they do that with a phone or iPad? You are saying, ‘Maybe yes, maybe no’.

**Mr BLAMPIED** — Damian, they do not need to use that transactional portal for their B-tag, which is our Bulla tag, if you like, because they have those benefits already. But we do ask them to go to our intranet site to check their rosters, do professional development, submit timesheets and all of that sort of stuff, and that is problematic.

**Mr DRUM** — Just thinking about where this might go in the future, I see that you are also involved in ski hire.

**Mr BLAMPIED** — Yes.

**Mr DRUM** — And also child care and accommodation. You offer lessons. Will you be able to use your tag for a whole range of other applications as well?

**Mr BLAMPIED** — Absolutely. I will use the word B-tag because that is what we call it. There are whole range of features associated with it. You can link it with your credit card, so you can go into any of our restaurants. Basically all you have to do is ski with your lift ticket and you can make purchases. You can use it as a debit card. We call it ‘snow dough’. If you have a young family in ski school and mum and dad are going off skiing, they might want to load \$20 on their kids’ tickets so that they can buy a hot chocolate or a Mars bar.

When you hire skis, you have to enter your name, age, height and ability. Every time you go in there you have to go through the whole rigmarole. Once that information is in the system — you can either do it online or at a point of sale initially — you do not need to go through any of those processes again.

Similarly, when you put kids into child care, there is a whole regime of information that needs to be collected in terms of allergies or next of kin. A whole bunch of forms need to be filled out. This can be done remotely. Once it is done it is retained on your profile.

**Mr DRUM** — This is possibly a question for John. Is the technology far away from being able to use a card like B-tag to locate people?

**Mr COTTERILL** — We already use it today to locate lost children. There have been about five or six times already this season where I have been standing in the ticket office and a mother comes in distraught. The first thing the ticket staff will do is ring ski patrol and notify them. The second thing they will do is jump onto the point of sale and go to that customer profile and look at the last run note.

**Mr DRUM** — Transaction.

**Mr COTTERILL** — It is the last gate they went through, so it certainly helps to narrow down the exact location of that child. Yes, it is happening today.

**Mr DRUM** — Great.

**Mr BLAMPIED** — And you can use that in a proactive sense as well, Damian. Say you need to contact your child urgently and they are in a ski school class and you have got no idea where they are, we have the capacity to associate a message to that tag so when they go through the gate there will be an alarm and the operator will engage and say, ‘You need to ring Damian Drum’.

**Mr COTTERILL** — The other way that you can locate people in that fashion is often that a kid might just be feeling cold and they have gone into the Abom to have a cup of coffee, or a hot chocolate in a child’s case, and you can see that transaction on their history.

**Mr DRUM** — And mum and dad are running around in a state going crazy.

**Mr COTTERILL** — They are not skiing at all; they are in Abom.

**The CHAIR** — Having a cup of coffee.

**Mr DRUM** — So where do you think the next developments in all this are going to go? Do you see further things happening with IT on the mountain?

**Mr BLAMPIED** — It will be near field technology. Have you heard of it?

**Mr HOWARD** — Which means?

**Mr BLAMPIED** — Most people already have a mobile phone when they are skiing, so you will not need a ticket. That phone is uniquely identified to you, and the fact that you are carrying that device will be sufficient to open the gates, if you like, as well as the conventional B-tags, because not everybody has a mobile phone. You will be able to use that near field technology in supermarkets and in any shopping environment; you just hand over your phone and they will debit your credit card or credit your debit card, whatever the case may be.

**Mr DRUM** — Again, Laurie, is the shortage of communications on the mountain simply solved by another Telstra tower up on the mountain or a stronger Telstra tower in the village?

**Mr BLAMPIED** — To give a bit of history on this, in 2011 we had bandwidth of 2 megabits per second at Mount Buller, and that was costing us about \$2400 per month. In 2012 our bandwidth increased to 4 megabits, and the price came down to about \$850 per megabit second. This year we have got 10 megabits per second, and the cost is about \$500 per megabit.

**Mr DRUM** — It will cost you nothing soon.

**Mr BLAMPIED** — The question is: what do we need? That is why I involved John in this conversation, because all I know is we do not have enough. We did not have enough two years ago, we did not have enough last year and we do not have enough now, because the more you get, the more you want to use and the more further opportunities present themselves. John’s comment to me was that he felt we could comfortably use 100 megabits per second. John can speak for himself.

**Mr COTTERILL** — The way I think of this is that the fish grows to the size of its bowl, or you adapt yourself to whatever income you are earning as a family. The reality is that we have got 10 megabits per second available to us, and when we talk about 10 megabits per second, that is a BDSL connection that we have which we require as a business. This is a service that we have very short SLAs on from Telstra over a 12-hour turnaround time, which they are supposed to meet if we have a degradation of that service. It is also a symmetrical service. Whereas your typical internet service is going to be very focused on downlink, with our sort of business we have got a symmetrical service that is 10 megabits per second uplink and downlink, which is typical for a business like ours where you are doing transactional data which is coming up from our store in Mansfield as well as webcams that are streaming out to the internet, so it is not a highly internet-focused connection that we have.

In terms of what is enough, the more that we get and the more that we have available to us, the more things we will be able to use it for. Some examples of that are in the future the business is looking at security camera installations on the mountain. There has been talk of upwards of 100 cameras around the mountain. If you want to be looking at high definition video, you might be running those cameras at 1 or 2 megabits per second.

Straightaway there if that was, say, 2 megabits per second and 100 cameras, you have got then 200 megabits per second. There is 200 megabits gone with one security camera installation. That is one example.

**Mr BLAMPIED** — The other thing that is really important to business is to talk about — forget the transactional side — how you motivate and how you inspire your guests and how you let them know what the conditions are. When I started in 1996 you would see a grab in the *Herald Sun* on a Thursday saying that snow conditions were good, fair or average. That was it. If you paid some money, you could get on the radio and get a radio snow report, but the quality of the information that was going to consumers was very poor, and accordingly so was the reputation of snow reporting on the ski industry, because things change so quickly. The information had to be provided by 3.00 p.m. on a Wednesday afternoon because it had to be in the *Herald Sun* on Thursday morning. It might have snowed like crazy or it might have rained like crazy and people would see that, and that was really damaging for the brand. Now we have real-time web cameras — we have something like seven web cameras — so people can click on and see what the snow conditions are. They can see the weather forecast, and there are all these other forms of engagement so people can make informed decisions.

Web cameras are great, but you really want to see somebody skiing down Bourke Street or down Little Buller Spur. What is it like at that minute? The web cameras show the situation every hour. This is where we see people's expectations. They want to see it, they want to be able to touch it and they want to know it is good. Jon and I have been doing a little bit of work with Roy Morgan Research. We are looking at some international events. You might recall that we had the world aerals at Mount Buller, which is a world cup of skiing. We had them in the late 1990s and the early 2000s. Unfortunately we were not able to sustain that because of the cost of the television broadcast, which was north of \$200 000, just the production costs. We are looking now at an internet solution whereby we can take the pictures. We have the people with the skills to do all of that. We can broadcast it via the internet, and it can go all around the world. We need about 10 megabits or something.

**Mr COTTERILL** — Five to 10 is the minimum.

**Mr BLAMPIED** — Five to 10. If you have access to that technology, all of these things become possible, so we do not need to spend a lot of money with television stations. We can reach international markets. We were talking with Roy Morgan. They have the reactor technology, so that with judged sports we are thinking about having an event where you can get people sitting at home and judging the event for themselves and benchmarking that with the judges. The possibilities are only limited by your imagination.

**Mr COTTERILL** — Just to come back to your question earlier, Damian, about whether it is a matter of building another tower on Buller or something like that, I do not think it is simply a matter of building another tower because when we were looking at live streaming this event we did look at options like wireless coverage. To Telstra's credit they have already upgraded the site at Mount Buller to 4G technology, but even with 4G technology our testing has suggested that we are not going to get the uplink speeds we need for this type of service because we are talking about high-definition broadcast-quality streaming.

Because our BDSL connection is limited to 10 megabits per second we do not have the flexibility to offer the business a quick upgrade for that event and then a quick downgrade to a lower speed, which is what we could do if we had, say, a fibre connection or a much faster BDSL connection up to Mount Buller. I think there need to be upgrades to the overall infrastructure. It could be upgrading the fibre. Then there are also cost considerations as well. Telstra is really the only wholesale provider of business quality internet at Mount Buller. Even when we went to get quotes from other providers for our service at Mount Buller, they were about twice the price, the reason being that they are wholesaling from Telstra and then adding their mark-up.

**Mr BLAMPIED** — We have good visibility about the cost of these business services in Melbourne. Compared to Melbourne we are paying a 35 per cent premium for the same sort of services in this region.

**Mr DRUM** — That premium is pretty consistent right around the state.

**Mr BLAMPIED** — That premium?

**Mr DRUM** — Yes. Even some of the larger regionals are paying over and above what our cousins in Melbourne pay. You have got a good understanding.

**The CHAIR** — Are there any final comments you would like to leave us with, Jon or Laurie?

**Mr BLAMPIED** — I guess the other is looking to the future: what are the things we see we are missing out on. Videoconferencing is very hungry for bandwidth. If we had videoconferencing facilities, we could save a lot of time in costs of travelling and accommodation. The vendor of our software is an American company; the vendor of the gates is an Austrian company; and the vendors of our snowmaking systems are European and North American. We need to be communicating with these people regularly. They need to have the capacity to dial into our systems and provide upgrades and diagnostics. There are a whole range of other aspects of our business for which we really need bandwidth to be able to prosper. Jon should be able to turn on the snowmaking from a handheld device. All of these things are possible today, but again we are constrained by the amount of bandwidth. We have to allocate the limited bandwidth we have to the highest priority functions.

**The CHAIR** — Thanks very much, Jon and Laurie, for coming along and making yourselves available here today and for the time you have taken with your presentation. I would imagine you have a very busy schedule at this time of year, and the committee greatly appreciates your time. In approximately 14 days you will receive a draft of what has been recorded here. You will be able to make corrections to obvious errors, but you will not be able to make major changes. Once again, thank you very much.

**Mr BLAMPIED** — Our pleasure.

**Witnesses withdrew.**

**Cr HOGAN** — I would like to say that on behalf of the councillors, the Mansfield shire and the district, including Mount Buller, we really appreciate your coming up to listen to us. It is a privilege to have you up here so you can take the message back down to your colleagues and get some things moving for us. Thank you.

**Mr HOWARD** — Thanks, Ellen.

**The CHAIR** — Given this is the conclusion of the day, I thank the Mansfield shire for its hospitality today. It has been a pleasure to come here again. It is always a good experience, and today has been just as good as every other time.

**Committee adjourned.**