

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

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Witnesses

Mr M. Watson, Watson's Mountain Country Trail Rides, and
Cr R. Bate, mayor, Mansfield Shire Council.

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

Mr WATSON — Yes. My name is Michael Watson. Our business address is 296 Three Chain Road, Booroolite, which is 20 minutes out of Mansfield. I run a small family business of horse trail rides. Are you happy for me just to roll into it?

The CHAIR — You rolled into it, but I usually ask would you like questions as you go or at the end of your presentation?

Mr WATSON — Anytime is fine, very casual.

The CHAIR — They wrote a song about your Three Chain Road, too.

Mr WATSON — They did, yes. We keep losing our sign, actually. I suppose I am going to give a bit of a layperson's account of a small business and its challenges with e-business. We run a small family horseriding business. We break our markets into three for the domestic free, independent traveller: we have an education market, we have an international market and we have a small corporate market. Our tours range from 1 hour through to five days, and we take about 7000 day visitors per year on rides. We trade under another name as well, Adventure Victoria, and that is primarily to focus on the international market.

What I have done is address those key points that you had as part of the inquiry. With the first point about identifying potential benefits for rural and regional Victoria, our phone and data coverage restricts particularly our corporate product. We had that as the smallest segment of our business, and I do have issues when we are trying to deliver something a bit creative for a corporate client, but the lack of access to data and phone for our clients who are often in a business environment where they need to keep in touch with their office — that remoteness does certainly impact on that particular market for us. The other way we see it affecting our business is that a lot of recreational users like social media, and social media plays a big part in promoting your business in this environment. If they are out on tour and they are having a particularly good time and they want to take a photo and send it off, well, we just simply do not have the type of coverage where we can do that, so we sort of lose the moment a little bit. That is one of the challenges we find with that sort of remoteness.

In terms of how we do take on e-business — point two — surprisingly, 90 per cent of our business is now e-business. We take live online bookings. We have third-party booking agents that do live bookings for us. We have a coupon redemption system, so we have absorbed this new social media with coupon vouchers and we require people to redeem those online. Often our international bookings come from different time zones, so obviously we rely on e-business to do those transactions.

Out of the 10 per cent of the phone inquiries that we would get — given 90 per cent is direct — we probably refer 90 per cent of those to emails and/or live bookings. Having so many clients, it is important to us that we have a good contact log with them. It is always hard to recall a conversation. Often that has resulted because we are out in the field and do not spend regular business hours indoors; that is usually when we are running our business. The very nature of it is that we rely on mobile communications, and obviously being able to do something effectively on the back of a horse is hard, so we refer them through to emails.

By focusing on the e-business side we have managed to grow our business by about 65 per cent over the last two years, so it is a really important area for our business. Of course we are just one business, and that opportunity would exist for many other businesses that perhaps have not taken it on so much as yet. Looking at how you could resolve that, small businesses are very tight on resources — on human resources and on financial resources — so it is not something we can outsource. We do have to rely on managing our e-commerce ourselves. It is not just about the financial; it is about the knowledge you have as well, particularly with horseriding, where you are matching the ride type of experience for people.

We were talking about black spots. In one area of the shire that we work in there is absolutely zero coverage, and it can be that we are working in that area for 10 hours at a time during daylight hours and we have

absolutely no communication with any of our clients. As was also mentioned by Russell, the expectation of the user in e-business is that you get back to them in a timely fashion, and that is really prohibitive to our business. We cannot do anything about it, but if we did have better coverage and better access, then that is something where we could respond on the fly.

Probably as a reference to that as well, even my voicemail suggests you do not leave a message but instead send me an email, because the likelihood of me being able to get back to you at a reasonable hour, unless you like having a phone call at 4 o'clock in the morning — —

It is a different way of doing things these days. Obviously not getting back to people affects our professionalism in the eyes of the person trying to contact us. Sometimes we have lost business as a result of it, because people work on a much tighter time frame than we can provide. It might be a number of days before we can get back to someone if I am working consecutive days in the field where there is no phone or data access whatsoever.

Another challenge I find is the reliability of coverage, which has also been covered by Russell. It adds a significant expense to our business. We run a satellite internet service, and in order to get enough peak speed — —

I am not into the technicalities of bandwidth; I will just use it in my own words. In order to get peak speed we have to pay a monthly fee of about \$140, and then if we get too much cloud cover we lose that as well. We have a backup of wi-fi or a Telstra data stick as well, and that is another \$140 to have enough peak speed, so I am paying \$280 a month just to run the business, whereas you might talk to people who are your counterparts in the city — and that is for 24 gigabytes of data — who pay \$30 for 30 gigabytes, so it is quite an impediment to our business as well. It is reliability and the cost of it.

Mr DRUM — Michael, under the NBN with wireless to your particular area, is the expectation that you will be able to then come into a level of service that you would consider to be acceptable and world class? Is that the expectation or not?

Mr WATSON — I can only talk personally, but the expectation is that that is a project that is running terribly behind. Who knows when it might come? I do not really understand the parameters of what it will be. We are just working in what is available at the moment.

Mr DRUM — I do not know if anyone knows. I might ask Russell. Russell, could you reintroduce yourself?

Cr BATE — I am Russell Bate, mayor of Mansfield. First of all, the NBN has no capacity to deliver wireless in the sense of mobile phone communication; it is completely limited to the provision of internet services. In terms of speed, there are two ways in which it is provided: by satellite and by wireless provision of what they call direct wireless, which means that, unlike your mobile phone wireless — which is accessible by anyone passing by — this will be direct to a particular recipient, so it is a lot easier to govern the speed that you provide through the NBN set-up than, say, your mobile phone situation. From memory, it is 5 megabytes back channel and 25 megabytes down, so you will get tremendous speed in terms of downloads and pretty reasonable speed in terms of the back channel of the upload. I would suggest it is more than sufficient at the moment to meet Michael's coverage.

Mr DRUM — Thanks, Russell. Sorry, Michael.

Mr WATSON — Not at all. On the third term of reference, on identifying legislative impediments, obviously I am not aware of any, so that is probably out of my field.

On the fourth term of reference, which is about determining potential workplace relations or occupational health and safety issues that would need to be addressed, where we operate our tours — and given that we do not have any phone service in some areas — we do rely heavily on UHF. UHF coverage can be quite weak in areas, so we have a network of people who we rely upon should we need to pass on any emergency communications. Whilst we have workarounds, obviously it is not ideal. We need to address the actual risks and the perceived risks of the environment in which we work.

We work in the remote area of the high country, so we know there are real risks there, but there are also perceived risks because of how much attention bushfires have had in the public space over a number of years.

We see that having a reliable communication strategy that forms part of our risk assessment management plan, which we do have, would give lots of reassurance to the general public and probably to one of our biggest markets, the education market, which is very sensitive, as you would expect, to the risks of the environment that lead to bushfires.

They are the sorts of issues that concern me for that particular market, because in the event that we have a fire — again, it is not unprecedented, because it happened a few years ago — schools might say, ‘Okay, we will not allow tours to run across the state’, which I think they said at that particular point in time. That would cause a significant disruption to your business.

The CHAIR — Was that a code red day?

Mr WATSON — Not so much a code red day, but because there has been an event and everyone is feeling a little ill at ease about it. It was a terrible event in 2009, and after that schools decided that they would not run trips after that date because of that event. You can understand, but I feel that, if we have a communication strategy that forms part of a package of reassurance we can give to that market, then we could avoid that sort of business interruption. We have no interest in running tours that put people at risk, but it is also about perceived risk.

We need to support that with really good communications where we can reassure the public that as soon as there is a fire we have immediate access and we can rely on our own resources to speak to another person who passes that message on to another person who in turn passes it on to the end person, being us. That is a real impediment to our business. From a business point of view, fortunately since that terrible event of 2009 we have had some wetter years and the issue has not been in the public eye, but as soon as we have a very dry season again it may be a significant risk to our business.

E-business is important in terms of retaining clients. The depth and breadth of services we can use in terms of the data and the telephone and even the UHF are significant barriers to some of our market, but we are working around it. I will just say it could well be improved, but in terms of legislative requirements it is over to you guys. That is really my summary of how my small business operates.

The CHAIR — You said in your presentation that your business has grown 60 per cent over the last two years.

Mr WATSON — Sixty-five per cent over two years — by embracing some of the latest e-business opportunities.

The CHAIR — What sort of things have you done in your business to grow it by 65 per cent?

Mr WATSON — We have embraced some of the social media and coupon voucher systems like your Groupons, your Scoopons and so forth. We have used the databases of some of the other e-businesses to put our product out to their clients, and in turn the response has grown a new market for us and given us the ability to plan well ahead. For instance, our two-day rides are booked out through to nearly the start of February. It gives us a lot of certainty in what we are doing.

The CHAIR — I hear what you say — when you are out on your trail rides your reception is not good enough — but where is your office?

Mr WATSON — The office is at home, and the office is me and my wife. I carry the phone. It is pretty much that I am having to manage bookings on the go because people are wanting to make arrangements, but I might be on a five-day ride, and in the world of business a five-day delay is not really acceptable. When you have the benefit of hindsight to explain where you were, there is usually sympathy, but it can leave a bad impression, especially early on, and sometimes there is a loss of business.

Mr DRUM — I would imagine there would be a whole range of potential international and interstate clients who would want to know about special diets, your ability to handle people with disabilities — there would be whole range of questions that would come at you in the weeks leading up to an adventure.

Mr WATSON — Absolutely.

Mr DRUM — People want to ask, ‘Can you cater for my child?’, or they want to know if you can cater for various clients who are about to come on board.

Mr WATSON — Yes. I can probably give you a good example. I deal with the Singapore market for schools, and in the Singapore market when a school does an excursion it is subsidised by the government, so it is required to go out to tender. The travel agents who are trying to take on this tender are given seven days to respond, so if I am on a five-day trip and they have asked me on day one, I am losing the opportunity to quote on that particular business. That is a really good example. We are taking schools from overseas; it is a growing part of our business. They are the challenges we have.

Mr HOWARD — Can you describe your market? What is your balance of the market?

Mr WATSON — The spread? Forty per cent would be domestic FIT. That is free independent travel. It is tourism-speak for that type of market. Forty per cent is the school market, and 20 per cent is largely made up of internationals with maybe 1 or 2 per cent corporate. Again, corporate is probably one we do not focus on so much, but I have identified the impediments to gaining that business where we have had opportunities.

Mr DRUM — When we were talking to you, Michael, about four or five years ago in a tourism inquiry you were yet to tap into that Asian market in the way you wanted to.

Mr WATSON — Yes. We have had a school from Hong Kong this year, and that is a fabulous opportunity. As you highlighted, the days leading up to a trip can be quite anxious for people who say, ‘What about this? What about that?’. That is the nature of what we do, and if we do not have that contact, we cannot get those simple messages across.

Mr HOWARD — Obviously your business has developed a lot since you have been managing it. You have obviously had to learn a lot about the opportunities for using e-business and, as you say, social media. How have you gained those skills?

Mr WATSON — Largely trial and error, to be honest. Again, small businesses are tight on resources. I use the Dreamweaver program and make a change. If it does not look any good, I press backspace, backspace, backspace. It is as simple as that. You have to self-learn.

Mr HOWARD — So you have not managed to gain any training through any workshops?

Mr WATSON — Not through lack of opportunity to do it, but we are very time poor. We run a seven-day-a-week business, and a lot of the creative work is done by me in the wee hours of the morning. That sort of tends to be where we do it. Going out of your workspace sometimes costs; you lose some expertise in the field. We are not a very scalable business. Although we take out a lot of people, by virtue of what we do and because of various restrictions, our licences do not allow us to have large numbers, so we are not a very scalable business. We have to be very careful about how we spread our resources.

Mr HOWARD — You do not see that there is any lack of training opportunities if you want them, but you have that limitation in what you can take on yourself.

Mr WATSON — Yes. In a funny way I signed up to a social marketing e-commerce workshop with a one-on-one mentor. He phoned me beforehand and asked what I expected from it. I said I wanted to learn how to market better through Facebook and various channels. He said, ‘But you’re doing that already’. But I certainly do not feel — —

Mr HOWARD — Confident.

Mr WATSON — Confident. I understand that we have the various products and applications, but e-commerce is really a very fast-moving market; what is popular today is not necessarily going to be popular tomorrow. I suppose the main thing I notice in using those channels is that they are dealing with businesses that might be larger and have better access and response times. All of those associated expectations are hard for someone in our environment to keep up with. They probably like the quaint part of what we do, but there is also an expectation that we live in this 24/7 online environment and they can just go bang, bang, bang.

We try to create what we can with that by looking at little bit laterally at some of the things that I do, like the coupon redemption system: loading things on so people can look at online calendars and book dates. I do not have to speak to them at all, because that meets their needs, and obviously it is easier for us if we can provide all the information. But as I said, it can get sticky at times when people have an expectation of more instant communication with us. Sometimes I can be there because I happen to be at home doing bookwork at the time, but sometimes I am out on a five-day trip where I have nothing. Managing that part of it is a great challenge. If we had that wider spread of being able to access phones, applications, we could certainly get a basic message across. We would never expect to be able to do the full work you could do in your home, but it would certainly be of great assistance.

I have lived here all my life, and it is improving all the time, but when I was having osteo treatment the other day he said that when he moved to this area he thought New Zealand was behind, but we are 10 years behind them in terms of access. It is a bit embarrassing saying that to a New Zealander.

The CHAIR — Michael, you said you are on Facebook.

Mr WATSON — Yes.

The CHAIR — If I went into your Facebook page, what would I find?

Mr WATSON — Comments from people about rides and photos from the trip from last weekend.

The CHAIR — And you are on Twitter as well?

Mr WATSON — Not Twitter. TripAdvisor and Facebook are the two key ones for us. I am a bit of a reluctant user of Facebook — I prefer face-to-face contact rather than putting things on there — but we have got nearly a thousand people who follow it. They put comments and photos on there on a regular basis, so it is working effectively.

Mr DRUM — Do you get the opportunity with your sector — adventure and nature tourism — to network with other like businesses much at all?

Mr WATSON — Yes, I do a lot of that.

Mr DRUM — Do you find they have similar issues and problems to those that you have?

Mr WATSON — I do, because I am asking them to reply to emails in a timely fashion, and they are not. I know they are out in the field. I am probably one of the easier ones to contact because I concentrate on it a lot more. Some are far worse than me.

Mr HOWARD — How does this networking take place?

Mr WATSON — Okay, well, particularly with the international business that I manage at Adventure Victoria, we represent a wide range of businesses. So I have had an enquiry to do some trekking in the Grampians and wanted to use an operator who lives over at Beechworth, but he was in the Mount Buffalo area at the time and was not able to get back to us in a timely fashion to run a trip in October. I also try to put various businesses together to package, so we have an operator out of Melbourne that is doing a Melbourne to Sydney touring route, which is a new product for them, so I am trying to get the local accommodation, local bike hire and another horseriding business as well as mine to put together a package of products to do a sort of door to door. So they are the sorts of communications. I rely on all those various parties that all have similar issues to me to get information back to me in order to get it back to the person who is going to be putting this tour together.

Mr HOWARD — I see. I did not understand that Adventure Victoria is not your own; well, it is your business but — —

Mr WATSON — I manage it.

Mr HOWARD — But you are not running the events. You are acting as an agent.

Mr WATSON — The idea of Adventure Victoria is to seem to be a larger business than it is. As a one-stop shop for a wide range of adventure businesses, it is actually underpinned by a lot of small businesses, and we are all working under that one banner — —

Mr HOWARD — So it is essentially an agency.

Mr WATSON — It is more a cooperative. It does not generate any income in its own right. It more or less tries to coordinate. So if it is a walking trip that is happening then an enquiry comes through me, but the person who really sees it through to fruition is the walking business rather than — —

Mr HOWARD — The other partners are also parts of Adventure Victoria, same as you.

Mr WATSON — Yes, that is correct.

The CHAIR — Right, Michael. Thanks very much. Have you got any final comments you would like to — —

Mr WATSON — No, thank you.

The CHAIR — All right. Within about 14 days you will get a copy of the Hansard transcript, and you will be able to make corrections to obvious errors. Other than that it will be as it is. And once again thank you very much for coming along here today.

Mr WATSON — Thank you for the opportunity.

Witnesses withdrew.