



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

ENVIRONMENT, COMMUNICATIONS, INFORMATION
TECHNOLOGY AND THE ARTS REFERENCES COMMITTEE

Reference: Australian telecommunications network

MONDAY, 28 APRIL 2003

CAIRNS

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SENATE
ENVIRONMENT, COMMUNICATIONS, INFORMATION TECHNOLOGY
AND THE ARTS REFERENCES COMMITTEE

Monday, 28 April 2003

Members: Senator Cherry (*Chair*), Senator Tierney (*Deputy Chair*), Senators Lundy, Mackay, Tchen and Wong

Substitute members: Senator Moore to replace Senator Wong for the committee's inquiries into the Australian telecommunications network and the role of libraries as providers of public information in the online environment

Participating members: Senators Abetz, Allison, Bolkus, Boswell, Brown, Buckland, George Campbell, Carr, Chapman, Conroy, Coonan, Eggleston, Chris Evans, Faulkner, Ferguson, Ferris, Harradine, Harris, Knowles, Lees, Mason, McGauran, Murphy, Nettle, Payne and Watson

Senator Greig for matters relating to the information technology portfolio

Senator Ridgeway for matters relating to the arts portfolio

Senator Nettle for the committee's inquiry into environmental performance at the Ranger, Jabiluka, Beverley and Honeymoon uranium operations

Senator Wong for the committee's inquiry into the Australian telecommunications network

Senators in attendance: Senators Cherry, Moore and Tchen

Terms of reference for the inquiry:

To inquire into and report on:

- (a) the capacity of the Australian telecommunications network, including the public switched telephone network, to deliver adequate services to all Australians, particularly in rural and regional areas;
- (b) the capacity of the Australian telecommunications network, including the public switched telephone network, to provide all Australians with reasonable, comparable and equitable access to broadband services;
- (c) current investment patterns and future investment requirements to achieve adequacy of services in the Australian telecommunications network;
- (d) regulatory or other measures which might be required to bring the Australian telecommunications network up to an adequate level to ensure that all Australians may obtain access to adequate telecommunications services; and
- (e) any other matters, including international comparisons, which are deemed relevant to these issues by the Committee.

WITNESSES

**BARTON, Ms Lee-Ann, Information Communication Technology Curriculum Officer,
Townsville Catholic Education Office..... 456**

CLOONAN, Councillor Ray, Councillor, Townsville City Council..... 430

**ROGERS, Mr Garry John, Industrial Officer, Postal and Telecommunications Branch,
Communications, Electrical and Plumbing Union 463**

SUTCLIFFE, Ms Kathryn Ann, Chief Executive Officer, Gulf Savannah Development 420

**WAINWRIGHT, Professor Eric, Pro-Vice-Chancellor, Information Services and Technologies,
James Cook University..... 444**

**WHITE, Mr Paul, Branch Secretary, Postal and Telecommunications Branch, Communications,
Electrical and Plumbing Union 463**

WHYTE, Mr Sandy, Board Observer, Advance Cairns 405

Committee met at 10.03 a.m.**WHYTE, Mr Sandy, Board Observer, Advance Cairns**

CHAIR—I declare open this public hearing of the Senate Environment, Communications, Information Technology and the Arts References Committee. I welcome everyone here today. Let me say at the outset that we are pleased to be here in Cairns and are looking forward to the opportunity it will give us to hear at first hand the experiences of people living in the region, both in relation to our inquiry into the Australian telecommunications network and, this afternoon, in relation to the role of libraries in the online environment. I apologise on behalf of two of my colleagues, Senator Mackay and Senator Tierney, who have had some difficulty getting flights out of their respective cities up here today.

Senator MOORE—We understand that.

CHAIR—We were hoping they would be here today, but they are not. However, we have a quorum, and we are looking forward to hearing your evidence today. I welcome our first witness. Thank you for giving your time today. It is much appreciated. Can you also thank Mr David Maguire, Chief Executive Officer of Advance Cairns, for letting us know late last week that he could not be with us because he has to attend a sugar industry guidance group in Brisbane today. It sounds terribly important, and we appreciate him sending his apologies and the written submission he has put in. The committee has the Advance Cairns submission before it, which we have already published. Are there any alterations or corrections that need to be made to that written submission at this stage?

Mr Whyte—Not at this stage.

CHAIR—The committee prefers all evidence to be given in public, but should you at any stage wish to give your evidence, part of your evidence or answers to any specific questions in private, you may ask to do so and we will consider your request. You are reminded that the evidence given to the committee is protected by parliamentary privilege. The giving of false or misleading evidence to the committee may constitute a contempt of the Senate. I now invite you to make an opening statement before we move on to questions.

Mr Whyte—As you have said, you have the document from Advance Cairns. It is a relatively recent document. It was completed at the end of last year. Putting that document together was very much a regional initiative. A whole range of organisations and most tiers of government were involved. It provided us with a very good understanding of where telecommunications sit in the region at the moment. It really reinforced a lot of the issues that we thought we were aware of and it raised a couple of new ones. It also probably raised a few issues, particularly for Telstra, in terms of the community's awareness of them and what they are doing—and I think some work needs to be done.

One of the major things with a regional area like Cairns is that we are very isolated. Our closest capital city actually sits in another country—being Papua New Guinea, with Port Moresby. Our ability to be competitive with the rest of the world is probably based on two things, and both are at risk at the moment to some degree. One is our air links—obviously with SARS we are losing some flights into Cairns—and the other is telecommunications. The ability

of the local business population to talk directly to the rest of the world and then to action those talks in the form of products, services, negotiations or whatever is very important. Based on those air links, we feel that we have a competitive advantage in this area over a lot of other regions in Australia. But we also feel that we are disadvantaged when compared to our metropolitan cousins in that telecommunications is not at a standard that we are happy with. Our capital city cousins would probably say the same if they looked at some world comparisons. So it is all very relative.

Our business community here is very small. Just to give you some general figures: over half our chamber membership is in the one to three employee category. It is very difficult for these businesses to purchase self-made industry specific and business specific packages. They very much rely on off-the-shelf products, and that includes software as well as telecommunications. So it is very important that what is available to them is state-of-the-art so that they can be competitive. This is a very dynamic region. Just to give you another figure: the Cairns chamber is actually the largest chamber in Queensland and the second largest in the country. Townsville is the second largest in Queensland. That highlights the initiative of business to get up and do things. We have a lot of businesses here in that small category that are very internationally competitive. Even with a small number of employees they can become very focused and very niche orientated, but again it comes back to those air links and telecommunications.

CHAIR—I noticed in your submission that Advance Cairns had put in a submission to the Estens inquiry last year. What is your broad view of the response of the Estens inquiry? Did it satisfactorily deal with the submissions you put to it? What more needs to be done?

Mr Whyte—I have not seen a lot in terms of the response. Some of the issues are much longer term and deal with investment into infrastructure. Obviously, some major changes are going to take place in telecommunications in this country, whether Telstra is sold or kept by the government. Either way, we are going to see some investment in telecommunications. I suppose the difficulty we have is making sure that regional and remote areas get a fair share of that—and, in some cases, actually get more than their fair share to bring them up to speed with the rest of the country. We have not seen anything positive come out of that inquiry at this stage.

CHAIR—Just looking at your submission, on the issue of ADSL in the Cairns area, you seem to indicate that service speeds are inequitable in Cairns, that ADSL, where available, remains patchy and that Telstra appears to be marketing a service that does not exist, in order to create a need rather than develop infrastructure in the region. What are businesspeople saying to you about the reliability and the capacity of ADSL? Is it a reasonable solution to broadband issues?

Mr Whyte—It is a reasonable solution if it is working. As you can imagine, we have a lot of members who are moving towards broadband—and that is something we are encouraging them to do. We have been on an ADSL connection, corporate-wise, for a number of months and we are quite happy with that service, but it is also provided outside of Telstra by a third-party provider. The anecdotal evidence I am hearing about those who have directly contracted with Telstra is that the service has been unreliable in that it drops out on occasions, and there have been issues in terms of software and exchange work occurring. I am talking about being off-line for a day to two days. This is not acceptable. In our own case, we have purchased a second Internet connection. It is not ADSL but it is a backup, just in case; it is something you have to do up here to keep on eye on things. Once you start moving towards broadband technology,

there is really no stepping back from it. Once you are off-line, you have to look at ways of putting redundancies in place to reduce the impact. So, in some cases, you have to have a backup service available to you.

In other instances, the coverage has not been as broad through the community as it should be—that is, it is not available in all areas. In some cases, even when people have inquired about the service, they have been told that there are no more slots—that is the word I will use—available. As I said, we have a lot of small businesses in this area and quite a number of those are home based; they are not necessarily based in the CBD or in the industrial suburbs, so there is a need for ADSL connectivity into the residential areas to allow those small businesses to be competitive. The reason they are starting out at home is that they have created a new business and are not in a position to pay commercial rents, and they need to have that connectivity. They do not have a shopfront per se, and basically they are using telecommunications as their new shopfront. That is the way business is moving forward.

Senator MOORE—Is this existing suburbs or the newly developing suburbs?

Mr Whyte—It is a combination of everything.

Senator MOORE—So it is not just the new areas that are having this trouble?

Mr Whyte—No, it tends to be those further out from the CBD, obviously. There is a hubbing effect. You have to remember that Cairns is a very linear city; it is not a hub type city. We have from Palm Cove in the north through to Gordonvale and Babinda in the south, so we have some longer distances to make connections into. The ability for ADSL to hook into that is limited, to a degree, because you have restrictions on how far the copper wire transmission can go. That is one thing that is peculiar to Cairns city. Once you get out of the city into the outlying shires and the more remote areas, those services are even more limited. In some cases, in the regional communities, they have leapfrogged several years of technological development and moved straight into satellite or other options, and that seems to be working quite well.

CHAIR—Is the infrastructure network in Cairns at or near capacity in terms of whether it can handle further ADSL or broadband load?

Mr Whyte—As far as I understand it, the fibre coming into the town is capable of taking more. A lot of it is to do with the exchange operations and connecting into things. But, as far as I am aware, the fibre into town is quite capable of taking more capacity. As technology improves, the volume that goes down that fibre increases as well.

CHAIR—Has interaction with Telstra improved significantly? How has it done so since Telstra Country Wide was launched?

Mr Whyte—We found it quite good. Having said that, the previous manager of Telstra Country Wide was very much involved—and this is a reflection of his previous employment in town—in a lot of the economic development agencies. He was very well known to groups such as the chamber. I do not believe that awareness went down into the community as much as they felt it did. They do a lot of advertising, a lot of promotion, but the retention rate of that knowledge does not seem to be very high, and for the life of me I cannot work out why. There

seems to be a fairly good awareness in the more remote areas because of the obvious developments in technology and improvements in services, and I suspect that most of them are on a first-name basis. Here in Cairns and probably in the larger shires around, that does not exist to the same degree. So, while there is a Telstra Country Wide presence in town, it is a very small office in the scheme of things, and it is impossible for them to get out and about and see all the customers.

Senator MOORE—Isn't that because the local manager is in Mackay? The submission says that the nearest Telstra Country Wide account manager is in Mackay.

Mr Whyte—I think it says 'the next local manager'.

Senator MOORE—It says, 'The nearest TCW account manager to our region is located in Mackay.'

Mr Whyte—I think that should say 'the next'.

Senator MOORE—It is on page 19 of the submission. It did seem a little odd to me.

Mr Whyte—It is; it is not correct. The Telstra Country Wide office here, I think, was one of the first in Queensland.

Senator MOORE—So the point was that the nearest to Cairns was Mackay?

Mr Whyte—I think that is the intention of that sentence.

Senator MOORE—Do you know how many exchanges you have in the Cairns region?

Mr Whyte—No, not off the top of my head.

Senator MOORE—Does the Cairns Chamber of Commerce cover the tablelands and surrounding areas or do you just cover the greater Cairns area?

Mr Whyte—I am wearing two hats today, I suppose. The chamber area is predominantly the city of Cairns, but we also have very much a regional focus, and Advance Cairns has a regional focus as well.

Senator MOORE—Advance Cairns covers the whole area?

Mr Whyte—Yes. Submissions were sought from the various regional development boards and local authorities in Far North Queensland, and some of them also chose to lodge a separate submission. The priorities in the remote areas are somewhat different, so it was appropriate that they lodged separate submissions as well. But, for the region to grow, we need all areas to be communicating with each other.

Senator MOORE—I am particularly interested in the consultation method used, because it seems that it was very strategic in the way that you thought it through—it was not just a meeting to determine the submission. Can you outline the process used—the combination of

advertising, focus groups and that kind of thing—and give us an indication of the response in terms of how much you put out and how much came back?

Mr Whyte—Most of what was put out in volume and area was via the newspaper. The *Cairns Post* has a regional distribution of about 50,000 copies. The majority of that distribution is Cairns based, but it also gets out into the regional and rural areas. The three people who basically drove the submission were me, David Maguire and the IT manager from the council, so we had quite a broad perspective. I had worked quite intensively in remote areas in previous years. So we had a fairly good idea of what worked in the past and we felt that the combination approach was going to give us more coverage of individual businesses and organisations. Often you get one or the other and you do not get a balanced view. We were also aware that it was not just a business issue. Dissemination through the *Cairns Post* advertising also gave us access to residents and students, who are obviously important. It provided us with a number of tiers to cover the different aspects of the community. I know we have missed quite a few in our coverage, but we felt that that gave us probably the broadest coverage with the resources we had.

Senator MOORE—Within the time frame, as well.

Mr Whyte—Yes, the timing was quite short, really, for a process of this scale, but you have to have some parameters on that.

Senator MOORE—And you used a methodology similar to the response to the Estens inquiry?

Mr Whyte—That is correct.

Senator MOORE—I have read the responses and what people agreed and disagreed to. It may be subjective, but did you see the response about telecommunications as a major issue for the community?

Mr Whyte—Yes, we did. To a degree, it was based on location. Although Cairns is an international city and we get truckloads of tourists a year, and we love to think of ourselves as progressive, we are still isolated. We are not close to Brisbane, Sydney or Melbourne. So communications is critical, whether it is talking locally between businesses or looking externally. You have to remember that if a business in Cairns wants to export, for example, that can mean looking at clients in Townsville, Brisbane, Sydney, Melbourne, Jakarta, London, Rome or New York. So telecommunications is critical to the growth of this region.

There has been some acknowledgement of the remoteness of this area in things like ‘neighbourhood calls’, where the neighbourhood has been redefined as a ‘community of interest’. Generally, the community of interest for the business part of town is again very much based on those air linkages—our international markets as well as our domestic markets. Again, it comes back to that shopfront: if you have the right communications mix in your business, it does not matter where you are located. We jokingly talk about IT developers who come to Cairns and Port Douglas, spend half a day in the office and walk out with board shorts to spend the rest of the afternoon on the beach. It is very much a lifestyle issue. With telecommunications, you can do that—it is not fantasy land at all.

Senator MOORE—This survey asks people whether they want Telstra to maintain a local presence. I was interested to see whether anyone disagreed with that—and in fact, two people did. I am interested in their rationale. Maybe they did not want to work for Telstra.

Mr Whyte—Disgruntled staff, possibly.

Senator MOORE—My next question is about the role of competition. Is there an understanding amongst the group that you surveyed about the role of competition?

Mr Whyte—Some of the questions that were posed in the inquiry should have been broken down into different levels.

Senator MOORE—It is always hard to do that.

Mr Whyte—For some of the questions, you could have written the answers before you put the questions out. With others, you knew the community was not fully aware of what the questions were based on—there was an assumption of prior knowledge. So it is difficult to get an idea of the rationale or the motivation behind some of those answers but, on the whole, the results pretty much balanced out with what we felt were going to be the answers.

Senator MOORE—Do you have a range of options in Cairns for the provision of mobile services and access to other services?

Mr Whyte—Yes, there is a number of different providers. Regardless of which one you go with, there is usually some sort of deficiency in the range and coverage. It has improved dramatically in the last four years, particularly with mobile phones. Before that, you were very lucky to get any sort of signal outside the Cairns city limits, even to places like Gordonvale. On the Atherton Tablelands, it was a case of standing on a hill with one leg in the air and reciting the national anthem to get coverage.

Senator MOORE—I think I have seen people doing that beside the road! What is it like now? If I go to Atherton, can I get a signal?

Mr Whyte—If you are on the right network, you are pretty right. It is good enough now that people will put up with those small drop-outs. Once you get further afield into the more remote areas, it is a little bit more of a problem. But, again, that is being addressed as well—some of the towns now have footprints with CDMA coverage.

Senator MOORE—Has there been an uptake of satellite services?

Mr Whyte—In terms of satellite transmission or satellite phones?

Senator MOORE—Both. I am referring to satellite transmission in the more populated areas and phones when you get into the remote areas.

Mr Whyte—Satellite phones are quite expensive for most people on an ad hoc basis; they are more for those who are dealing in those areas on a regular basis. Most of the satellite phones, I suspect, are owned by government departments—it is a security and safety issue for their staff.

Senator MOORE—That is possible.

Mr Whyte—But satellite transmission has definitely picked up. It is one of those things where in some cases it is better to leapfrog two or three developments of technology rather than try to keep pace all the time. Sometimes you have to draw a line in the sand and say, ‘Okay, we will stick with this.’ It is the same as Windows, for example—you may upgrade every two or three versions, because the cost of going through that every time gets prohibitive and the time you spend with it becomes a real drag.

CHAIR—You indicate that the take-up of the satellite phone, IBM connection offer from Telstra Country Wide was fairly slow in rural and remote areas. Has that changed at all?

Mr Whyte—Since the survey?

CHAIR—Yes.

Mr Whyte—I would suspect not, but I could not give you a definite answer on that.

Senator MOORE—I only have two more questions, one of which is about the information you gathered. The collection exercise is valuable. Is there any plan to do it at another time, to maintain a process of involvement with the community on this issue?

Mr Whyte—Not at this stage. It was very much a reactionary process. I suppose our next step will be monitoring the things we have put in the submission with what comes out of the actions, whether it is what the government itself is pushing or what Telstra and the other providers are pushing. It is going to be very much based on what steps forward are being made in those areas. A big question will be, ‘Who owns Telstra?’

Senator MOORE—Your submission did not cover that point, whereas some others that this inquiry has got from the north have very definite views on it.

Mr Whyte—It is hard to gauge what those changes will be without knowing all the structures that will be in place. Again, it is a very subjective issue. Competition, and the open market, is generally seen by business as a positive step forward, but there are also some community service obligations that need to be kept in mind. I doubt whether the government, of whatever persuasion, would allow those not to be taken into consideration in any sale. It would be irresponsible not to have some sort of community service obligations built in.

Senator MOORE—Has the information that you have gathered been shared with the local Telstra? Does Telstra, as a very large business, have a relationship with Advance Cairns?

Mr Whyte—The previous Telstra Country Wide manager was also the chair of one of the regional development boards, and he was the rep of that board on the board of Advance Cairns. I only met the current Telstra manager—who is sitting right beside me—two or three days ago, and the relationship is extremely good.

Senator MOORE—The change of personnel is relatively recent, is it?

Mr Whyte—Yes. Having the Telstra Country Wide office in town is quite important for us, because it gives us a conduit. Remoteness is not just the fact that you are several thousand kilometres away from somebody; one of the difficulties we face is the question of who you can talk to. Telstra is no different from any bureaucracy in Canberra, as far as we are concerned, if you do not have a local presence. You have to have somebody you can talk to, and preferably someone you know on a first-name basis; otherwise, you would be knocking on your local polities' doors all the time to find out what is going on. So it is important that that local presence is maintained. It allows information to go both ways. It allows policy issues to be bounced off the local office and for them to take that out and to gain an idea of where the priorities are. As I mentioned earlier, one of the difficulties with telecommunications is that one size fits all approach. Telstra has been very good at providing individual solutions, particularly in rural and remote areas, that fit the community's needs. Whether the focus is on mobile phones, Internet access or whatever, they have been able to work with the community and put resources into making sure that their problem is resolved.

Senator MOORE—We have talked a lot with other communities about the effect of environmental changes on the service provided and the fact that there is now provision within Telstra's commitment to their customers that environmental changes can cause delays and that has to be factored into the relationships. Unfortunately, Cairns is the area most other councils refer to when they say, 'We don't have heavy rain like they have in north Queensland'—and if you read the *Hansard* you will see that that has been said by a number of councils. What has been the impact of your heavy rain on telecommunications up here?

Mr Whyte—If you wander down Spence Street you will see that they are degunging some of those cables.

Senator MOORE—I hope that is a technical term!

Mr Whyte—It is a term used in the submission, and I understand that it is the technical term.

Senator MOORE—I like it!

Mr Whyte—The volume of rain and the short period of time in which it comes down makes it difficult for anybody to be responsive straight away, so it does cause some problems with lines. It also means that the alignment of cabling needs to be given very close scrutiny so that it is in the right areas and so that you are not prone to things such as landfalls, exposed cables and so on. So, yes, it is an issue here.

Senator MOORE—Have there been instances when you have been subject to the provision I referred to? There is a technical term in Telstra parlance about a situation so serious that there is provision for delay in services and repairs—massive service disruption, or MSD. Are you familiar with that term?

Mr Whyte—No.

Senator MOORE—You are not. That was basically my question—whether it is something that is used and is well known and whether it has been explained in the community how it works.

Mr Whyte—I have not heard that term, but that is when someone puts a backhoe through the fibre and causes it to drop out. But the redundancies pretty much cover most of that now. In pretty well all cases, it does not matter where between here and Brisbane we have a fault; there is another fibre that the transmission can be put back through. That is a relatively recent exercise—I mean in the last six or seven years. In the past it has been a problem where the fibre has been cut for whatever reason. Usually it is a backhoe through it.

Senator MOORE—I think that is pretty massive.

Mr Whyte—It is, and it often takes a day or two days to get repaired. That is not a weather issue. I cannot recall that in recent times as being a big issue. In terms of the rain, I suspect that those are more isolated cases rather than a whole-of-region problem.

Senator MOORE—And you are not aware of any time that it has been off for days at a time?

Mr Whyte—No. Rain is an issue here generally in getting to problems, and it is an issue for our electricity industry as well. There are only certain things you can do with electricity when it is pouring down with rain.

Senator TCHEN—Mr Whyte, thank you for coming along today. I have a number of questions about the survey you have done. Was this survey specifically done for this inquiry?

Mr Whyte—Yes.

Senator TCHEN—It is just that you called it a regional telecommunications inquiry, and it threw me off a bit. Was that for the Estens inquiry or for this inquiry?

Mr Whyte—For the Estens inquiry. That was in October 2002.

Senator TCHEN—That is all right, because this inquiry started back in August.

Mr Whyte—I apologise for the mix-up.

Senator TCHEN—I was going to ask you for your comments about some of these responses, but I understand James Cook University is also making a submission. Do you know whether they are making comments on this survey? Or are you willing to clarify or talk on some of these survey results?

Mr Whyte—Sure.

Senator TCHEN—Before I do that, there are some other questions that I would like to ask you first, because the other ones we can stop any time. At the moment, the chair says stop and we stop!

Senator MOORE—That would be a first, Tsebin!

Senator TCHEN—It is John Tierney who drags on! Mr Whyte, with the other witnesses before this committee, generally speaking we tend to get people coming along and saying: ‘The service is really bad. We need this; we need that.’ We have also had witnesses coming along to say to us on a number of occasions now that it is not necessarily that the service is not there but that people do not know what facilities are available. Sometimes they do not even know what they need. Quite often very productive outcomes can result from local initiatives where people get together and work out what exactly the services that they need are and then they go out to find the supplier who will provide the service. It seems to me that some of the work that Advance Cairns is doing is in that category anyway. But I wonder whether you can make some comments on that, whether you find the same thing too—whether in fact in the Cairns region the infrastructure is probably more or less in place already, or can be put in place quite quickly, but people do not quite know that it is there; whether people are making assumptions about what is available and what you can use but are not actually aware of what is there.

Mr Whyte—I agree. I was going to make mention of that at the end. There needs to be a greater awareness of what technology is available and how it applies to the business community and other aspects in the community. At the chamber, we have tried to use technology as much as we can. With over 800 members we just cannot post things out, so email, for example, is a critical aspect of our business. But we find that we have a lot of members who are very reluctant to use the technology, very scared of it. We have looked at ways of trying to improve that, but we have not come up with an easy solution at this stage.

I do agree with you that some of the comments in here are from respondents who may not be aware of, or even understand, what is available and how they can use it. You have a real rift in the community between those who are technologically aware and those who are technologically challenged. The challenged ones are not just those who do not want to use it; there are those who just do not know that it is available to them. Things such as Y2K and the new tax system have definitely brought people into a position where most businesses have a computer, and possibly a modem, at their disposal to take advantage of communications. Not everybody uses a mobile phone—some should.

There needs to be more PR in terms of the benefits to business. As I mentioned earlier, while Telstra Country Wide has done a lot of PR on the Telstra Country Wide office, that knowledge has not gone out. It has not been retained, I suppose. For the life of me, I cannot understand why. All the time in the local media I see ads, such as the one in our report, but it is obvious from the submissions that that information is not sifting out. It is not from a lack of trying, that is for sure.

There is obviously a very high awareness of technology coming through from the younger generation through the high schools and universities and there seems to be a reasonably good take-up at the other end of the age bracket. But for those probably in the 45 to 65 age bracket, there seems to be a reluctance to go out there and grasp the technology. We see this with a number of our members in the way that they respond to requests for the information we have on them. We still have members who do not even have a fax machine—some of them because of the nature of their business but some of them because it is something that they are not really comfortable with.

You are right that there does need to be some sort of education process to encourage the take-up of technology. If that take-up were higher, then obviously there would be more reason to put

improved services into regional areas. I suspect that in the larger cities the take-up rate is probably greater—that is just an assumption. In the more remote areas that take-up rate is quite good, but in the regional areas it is probably not so crash hot. Businesses that are more progressive are definitely moving forward with technology.

CHAIR—Do your comments apply both to Cairns central and the surrounding region, or do you have particular problems outside Cairns?

Mr Whyte—There are particular problems in terms of infrastructure available outside Cairns, but you also have possibly less exposure to technology. One thing that is very good for businesses is peer to peer contact—‘We’ve tried this. It did not work. But we did that and it worked.’ There is that first-hand experience. As you get into the smaller communities that exposure is not there for, say, one person in the community to pass on those experiences. Once you get into the really small communities, where Telstra has done some very good work, that information is probably retained better and there is probably a higher usage of technology, because they are even more remote again. But there is definitely a gap there. We see it here in Cairns city and I suspect that is the same in the belt of shires that sit around Cairns—Innisfail, the tablelands, Douglas—

Senator MOORE—Can you put some names to that without identifying people? I know the area. Can you explain what you mean by the middle communities, the suburban ones and then the really small communities? What kinds of places are we talking about?

Mr Whyte—We have got the business community here itself—

Senator MOORE—The centre, yes.

Mr Whyte—and the size of the business community is a factor. Where there are only one, two or three people in the business—owner-operators, for instance—they just do not have the time to get out and about and try things. There are the areas of Port Douglas, Mossman and Douglas Shire, through the four tableland shires—Mareeba, Atherton, Herberton, Eacham—and then Johnston and Cardwell to the south. From there, you have another arc that goes out into the cape and the gulf—Cooktown, Normanton, Croydon, Georgetown. It is in that last group of areas that Telstra has been doing some very good work. And, because of the size of those communities, everybody knows what is going on.

Senator MOORE—And they gather.

Mr Whyte—They gather and they take advantage of it. The local authorities there probably put a higher priority on this than they would in some of the larger, even adjoining, shires. In most of those areas, you will find the local authority is picked up. You have to remember that the best way for a CEO who is in Georgetown, for example, to communicate with the Local Government Association is via email; otherwise, he would be on the phone paying STD rates all the time. They have a business reason to get involved in the technology side of it. In those areas, the local authorities are very much the developers. They are the only ones with the resources in the community, both physical and financial, to be able to do things. In some cases, you will see in these places that the councils have actually paid for cable TV—got involved in other

aspects—and then charged a nominal rate back to the residents. There is a quality of life issue there as well.

Senator TCHEN—In your opinion, how wide is the gap between what the community needs and what the market is already able to provide? I am talking not about the gap between what the community needs and what the community wants—that gap always exists—but about what is needed and what is available.

Mr Whyte—We have not done any research on that at all.

Senator TCHEN—What is your gut feeling? You are someone who is obviously close to this type of market.

Mr Whyte—Based on our membership, for example, there is probably about a 20 per cent gap. There is about 20 per cent of the business community that could have these services but do not know they exist. I think it is a factor of size, to a fair degree.

Senator TCHEN—That is not reflected in the survey results, where there seems to be a very large gap between how satisfied people are with the service—

Mr Whyte—I thought you were asking me what extra level of take-up is available now—

Senator TCHEN—No, I mean what people think is available out there but are not getting. I am asking about what they want that the markets cannot supply.

Mr Whyte—That is a bigger figure, for sure. What is available and what has not been taken up I will guess to be 20 per cent. For those in the regional, more outlying areas there is not that infrastructure in the first place. In some cases, I think they just switch off. They just do not bother asking about it any longer. Again, this is why the Telstra Country Wide office is so important to try and keep promoting those new services that are coming through—when it becomes available and how people can take advantage of it. We have taken a fairly proactive approach within our organisation to encourage people to utilise technology more and more. We have dragged some of them kicking and screaming into the 20th century, and we will hopefully get them into the 21st century in the next few months. But there is a reluctance to do it. There is a cost factor—I am not saying a cost compared to other regions; just a cost of taking it up. Some of them cannot see the value in doing that. It is really an exposure issue. Once they get to see it, most people who have email now could not live without it. For example, most people who have a mobile phone could not live without it. It just becomes part of your business culture. If you go back and look at businesses that have not taken those services up you can see the losses they have had compared to those that have taken the technology up.

Senator TCHEN—I was looking at the level of dissatisfaction on page 13 of this survey. The question is actually whether regional telecommunications services meet your needs or meet the needs of the region. A full 70-plus per cent of the people say they do not. How much of that is due to the hype of publicity from the suppliers? For example, even Telstra sometimes—

Mr Whyte—You only need to have dissatisfaction in one part to be dissatisfied with what is available in the region. You really need to then break it down into the individual components to

get a better idea of what needs to be put in place. I think that is another exercise again to look at, 'Yes, there is a general dissatisfaction out there, there are some awareness issues; let's start looking at what people really want.' One of the things I was a bit concerned about when we did this was that we kept comparing ourselves with Australian capital cities. I said that I would prefer us look at some sort of world benchmark—to say let's see what really is out there and what standard we should be looking at. There is no guarantee that the services in Sydney are the best in the world either, so why do we tie ourselves to our major cities when they may not be up to scratch either? Again, it is that leapfrogging of the technology—we may need to go two or three generations down in terms of technological development to really be at the cutting edge.

Senator TCHEN—We are just about running out of time, but I have a couple of quick questions about the survey. Can you tell us how big the response you got was? I think Senator Moore has asked you that question already, but can you tell us how many responses you got?

Mr Whyte—I have a feeling it was around, individually, about 70, but then we had quite a number of organisations that responded as well.

Senator TCHEN—So there were 70 individual responses?

Mr Whyte—Yes.

Senator TCHEN—So it was mainly organisational based responses?

Mr Whyte—Yes, and obviously those who were a bit more dissatisfied are the ones that were going to responded. We were not expecting a huge take-up rate; it might have been just over the 100 mark, which is still very small when you look at what we have in the region. We have a regional population of roughly 220,000, so it is still fairly small. If we were looking seriously at the actual provision of new infrastructure or addressing the infrastructure needs, we would need to go out and do some sort of detailed analysis and detailed survey work. This region is no different from anywhere else; that needs to be done across the country. I suspect the reason that it has not been done is that it does need to be so individualised. It is a huge exercise. This really just gives a snapshot saying, 'Yes, people are dissatisfied with the service that is there.' I think sitting in the back of the minds of most people is the sale of Telstra and the fear that that sale will result in loss of service and no new technology being developed. Again, we have not really made a position on that because we do not know what the sale will entail and whether it would be better. There is some argument that services would improve under a fully privatised Telstra.

CHAIR—I have one last question on Optus Reefnet. What stage of roll-out is that up to and what impact has that had on Telstra's performance up here?

Mr Whyte—My understanding is that that has been completed. I have not seen any impacts, one way or the other. There is some take-up for broadband through that service.

CHAIR—Is it predominantly a cable system through the city?

Mr Whyte—I am not 100 per cent sure as to exactly how it operates; as far as I am aware, it is another op fibre into the town. As I said, we seem to have sufficient fibre for the requirements that we have at the moment. Pricing seems to be a concern with individual businesses as is

accessing that fibre from certain areas. At the moment ADSL seems to be, really, the only option that is available.

CHAIR—So, essentially, Optus have not really put in competitive prices to gain market share up here through that?

Mr Whyte—No. I have spoken to them in the past, and their area of interest seems to be very restricted to the exchanges that they were plugging into. They have not been very aggressive at all in the marketplace. From what I have seen. They were trying to basically consolidate their client base into a small area and provide a very good service for those clients. I have not seen much from them for probably 12 months.

CHAIR—Thank you very much for your evidence this morning.

Mr Whyte—Can I table this?

CHAIR—I will accept that as a tabled document.

Mr Whyte—It is *The Cairns report—2002 in review*, our annual document. There is also some background information there on the region that the inquiry may find useful.

Senator MOORE—With a strong advertisement from Telstra!

Mr Whyte—On the back page, of course!

Senator MOORE—I have another question to ask of you in your chamber of commerce hat. I know that the Cairns City Council is a strong member of the chamber. Is there much discussion of these issues between different chambers? This is a question I ask of all the local government representatives: when local government organisations have their discussions, does the issue of telecommunications come up? When chambers get together—

Mr Whyte—They don't.

Senator MOORE—They don't talk to each other? Isn't there an annual chamber event?

Mr Whyte—No. It is interesting that you ask. In the past we called together what we call the regional chambers every couple of years to discuss common issues, which were always transport and communications and have been since we started here in 1886. The actual content is slightly different, but the headings have not changed. This year in September we will have the first national chamber of commerce conference in Brisbane.

Senator MOORE—And it is the very first one.

Mr Whyte—Yes.

Senator MOORE—It should be big.

Mr Whyte—You have to remember, though, that a lot of the issues affecting chambers tend to be state rather than nationally oriented. For a small chamber of 20 or 30 members, trying to get fibre optic into a small country town, for example, is very difficult. We even find with the size of our chamber that we have to push very hard on issues. So you may find that things like telecommunications come out at the conference. I suspect, though, that the conference will be more about the issues that affect the internal running of the chambers—so how we use telecommunications will be more of an issue—rather than about business or the individual requirements of members.

Senator MOORE—Thank you.

CHAIR—Thank you again, Mr Whyte. Your evidence this morning has been very helpful. Thank you for the written submission and for coming in today. We look forward to seeing what your next survey has to say.

Mr Whyte—Thank you.

Proceedings suspended from 10.51 a.m. to 11.07 a.m.

SUTCLIFFE, Ms Kathryn Ann, Chief Executive Officer, Gulf Savannah Development

CHAIR—Welcome. Thanks for your time today—it is much appreciated—and our apologies for the late start. The committee has before it your submission, which we have already published. Would you like to make any alterations or corrections to the written submission at this stage?

Ms Sutcliffe—No.

CHAIR—The committee prefers all evidence to be given in public, but should you at any stage wish to give your evidence, part of your evidence or any answers to specific questions in private you may ask to do so and we will consider that request. You are reminded that the evidence given to the committee is protected by parliamentary privilege. I also inform you that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. I now invite you to make an opening statement before we move to questions from senators.

Ms Sutcliffe—Thank you very much for the opportunity to be here. I represent the area that extends from the tablelands over to the Northern Territory border, so it is very remote. When we made that submission in August 2002, we intimated that the installation of mobile phones was going ahead. That has taken place out in the gulf, as has a proposal that was put forward under Networking the Nation, with Telstra, for the introduction of satellite phones and broadband access, particularly for properties out in the gulf. Quite a few people from about 160 properties took up that offer.

We still consider that the key issues for the gulf are a continuation of the satellite phone subsidy—which would require Commonwealth government commitment—and the extension of mobile phone access along the highway as far as possible. We are aware that you need a certain number of consumers to make that pay. There is also a need to maintain the old landline infrastructure as well because in some parts of the gulf that is still all that is available. We consider the capacity to deliver equitable and reasonable access to broadband to be one of the key issues. Broadband access has proved to be a real boon for businesses out in the gulf. It enables ready access for property owners looking at fire management issues. Its uses in education and in health have already been documented, and we mentioned that in our submission.

The existing regulatory situation is still an issue. We see an opportunity to capacity build in the region by training local people to do some of the work that Telstra technicians are currently doing—in many instances in the gulf we find that the technicians have to be sourced from Mackay or even further away. The other issue that we consider important, if there is a change in Telstra in the future, is the capacity to maintain that core service and also continue to deliver advances in technology to a remote region like the gulf, and all remote regions, which can be expensive but, again, may require looking at subsidies.

CHAIR—I have a couple of questions. Could you possibly expand on the issue you just raised about people with tickets in terms of phone installation work within the home and so

forth, and particularly on the role of regulation in preventing that work being done within the home past that first point of entry? What is your understanding of the regulatory arrangements, and what is impeding that work being done by Telstra?

Ms Sutcliffe—My understanding is that it causes delays out in the more remote towns because of the restrictions on who can do what sort of work.

CHAIR—Is that a Telstra restriction?

Ms Sutcliffe—I understood it was an industry restriction, so I presume it comes through Telstra.

CHAIR—Right.

Ms Sutcliffe—What they find out there is that they can get the line to the fence and then it requires somebody else to come in and put it into the house and then somebody else to actually install it in the house. It is the sort of work that we feel you could easily train local people to do, particularly if you had a store of spare parts and whatever in each town. It could be under the auspice of council or some responsible organisation. You could overcome these problems quite easily and you would be adding to employment within the town.

CHAIR—The other question I want to ask is about aggregation of demand. Have there been any efforts in your area to get customers together to aggregate demand to try to put together local based solutions to telecommunications issues that you are aware of?

Ms Sutcliffe—Not as yet. It is something that we are looking at because one of the things we are finding is that while the infrastructure is expanding and the technology is starting to be available, it is a matter of, firstly, getting people to understand the technology and know what it can do—that is a big one—and, secondly, being able to access it. So we are looking at setting up small groups within these towns to work, I suppose, as communication-cum-IT clubs in some way. We are trying to do that through a program that we are calling an e-democracy project where we are trying to get interested people to work together to look at all sorts of communications and IT issues.

We are finding that you can send in an expert from outside and they will sit there and waffle on for two hours or whatever, and everybody just sits there, and when the expert has gone people ask, ‘What the hell was all that about?’ But if you can build the capacity of people within the town to work with each other and support each other, they can identify their problems and then ask for help either through us or through other contacts we might be able to set up for them. It is a far more sustainable way of looking at it than sending in the experts from outside.

CHAIR—My third question is to do with something you just said. You said 160 properties have taken up the satellite broadband offer. Do you think that is a good response or a disappointing response? What are customers saying about it?

Ms Sutcliffe—It was patchy. In some shires, where the council really supported the introduction of that technology, we found that a number of properties took it up. For example, the take-up was great in Etheridge shire. There are far more than 160 properties across that

whole region. Now, I think there are quite a few of the property owners saying, 'I missed out. Why didn't I take it up?' because they can now see the value of it.

One example would be a fire management program that we have been working on with Cape York Peninsula which relies on fast access to the Internet. Satellites passing over the region can detect hot spots which are actual fires burning and within two hours the property owner can access that information. So if they see fire or smoke on the horizon, they do not have to rush out in a truck and waste a lot of time. They can zoom into the office, check the hot spot information and know exactly where the fire is. Of course, there are some property holders who do not have access to the Internet. Getting back to your question, the take-up could have been better. I think Telstra was quite agreeably surprised at the take-up bearing in mind that you are dealing with an area that did not really understand the Internet. It always relied on phones, party line phones, faxes or whatever. It was a matter of getting people to understand and appreciate that technology before they would actually take up the offer of sat phones and IBM computers.

Senator TCHEN—These may be irrelevant questions, Ms Sutcliffe. You have already explained what e-democracy is about. It is very interesting and a number of other witnesses have commented on this sort of thing to this inquiry. It is a matter of, as the chair said, aggregating the local demand and seeing whether we can get the supply interested and making the providers meet the demand, rather than the other way around. Your response was to set up an online portal. Can you tell me what a portal is? I had to write a recommendation for somebody and support funding for a portal once but I do not quite understand what it is. When I use the Internet, I just go to the search engine, put the key word in, it throws up all these things and I look through them.

Ms Sutcliffe—A portal, I suppose, is a doorway. The way we operate it is we administer the site which was initially set up with Networking the Nation funding and we then got additional funding for the e-democracy program. We wanted to make that site specifically for the people out in the gulf.

Senator TCHEN—So it is a web site with links in it.

Ms Sutcliffe—With lots of links in it. We also provide a lot of information, news items, questionnaires and surveys. We have only been working on this for barely three or four weeks, so we are learning too. It is starting to work. People are starting to pick up on it and starting to make comments about issues that we put onto the Web. So it might be something like Savannah Way signage and we will get a lot of comments from people about where they think the sign should be or what sort of sign should go in, or from businesses on how they can benefit from Savannah Way signage. In that sense, it is an interactive web site. It is not one you just go to and look at and say, 'That's interesting;' it is one they can go to and outside researchers can use as well. They can post their latest information on the gulf web site, for example. In terms of a portal, it is more interactive. If somebody on a property wants to get onto the ATO, they can just click on our web site and get straight through. In that sense, it is a portal—it is a means of providing a doorway for people to get into all sorts of areas.

Senator TCHEN—It is a web site which is, I suppose, under fairly intense management.

Ms Sutcliffe—No, not a lot of management at all. It is set up to manage itself.

Senator TCHEN—If people have particular queries, how do they get answers?

Ms Sutcliffe—The way we answer those is through frequently asked questions. Every time somebody asks a question—we have not had a lot yet, I must admit—you document that answer and then post it on the web under ‘Frequently asked questions’. In the longer term, it will save you the time of answering each question as it comes up, because, at the outset, a lot of those questions are probably going to be fairly similar. From our point of view, the difficulty is getting people to actually use that site. We are only just starting, through our business adviser and the councils, to make people aware of the site and to know how to use it and what it can do for them.

Senator TCHEN—This portal is just your web site, which is www.the-gulf.info. Is that right? That is a bit of a commercial for you.

Ms Sutcliffe—Yes. We have another web site, which is just the Gulf Savannah one. That is more for people from outside, such as tourists, who want to find out about the Gulf Savannah. They can just go in and read about it and that is about all it does.

Senator TCHEN—And both of these comprise your portal—is that right?

Ms Sutcliffe—No, they are two separate web sites. The Gulf Savannah web site is totally different from the other one. One is there to give information that people can read—that is all. The other one is an interactive site where people can get in touch with us, with other people, with the ATO and with federal and state departments. In that sense, it is a more interactive site. It was designed so that people out there in remote areas could have access to a lot of information, departments and organisations that previously they would not have had easy access to. If you went out there and asked them how to get in touch with the ATO, they would not know.

Senator TCHEN—So, basically, you are just offering people a one-stop shop? If I wanted to get to the ATO, I could just go to the search engine and ask for the Australian Taxation Office.

Ms Sutcliffe—You can do that too.

Senator TCHEN—Yes, it would do the same thing. But, particularly for the local people, coming through your portal means that they do not have to search through other things. Is that right?

Ms Sutcliffe—That is right.

Senator TCHEN—What sort of hit rate do you have?

Ms Sutcliffe—As I said, it has only been going for about three or four weeks, so it is minimal at the moment. It will start to increase. Currently, we have a series of surveys running off the site and it is starting to increase, but you are probably only looking at about 10 hits a day at the moment. However, we hope that will increase.

Senator TCHEN—Your catchment population is only 9,000, isn't it?

Ms Sutcliffe—Yes, if you are lucky—it is around 8,000 or 9,000. I guess one of the other big issues that we face is the so-called digital divide. Not everybody has a computer and you have a big Indigenous population out there as well.

Senator TCHEN—I see.

Ms Sutcliffe—When we are talking about e-democracy, it implies that there is broad access, but, if people do not have computers, they are denied that access. So we have to come up with strategies to try and enable a more community based access to the computers. We are trying to do that through the councils and by providing Internet access through Internet cafes. It is a slow process.

Senator TCHEN—That is actually a very important point. Can you give us some assessment of what sort of computer and/or Internet access the population in the Gulf Savannah region has generally?

Ms Sutcliffe—Do you mean who would have access?

Senator TCHEN—Yes. What proportion of people would have that? Probably more importantly, what proportion would not?

Ms Sutcliffe—It is a bit of a guess, but I would probably say about 60 per cent would not.

Senator TCHEN—No computer or no Internet?

Ms Sutcliffe—Possibly no computer. If you are including the Indigenous communities, you have large numbers of people who would not have a computer. They do have access to a computer, but it is a matter of making people aware of and not afraid of computers—that has been a big thing in the past—and of making it easy for them to access computers, whether they are in a town or in an Indigenous community or wherever.

The main challenge is going to be making it accessible and affordable—certainly making it accessible. We are trying to do that, as I said, through the councils, because they are the main organisations, and through the schools. You will find that the younger people out there understandably have a far better understanding of computers and the Internet. That is probably common everywhere. But even some of the older businesses are realising that there are benefits.

Senator TCHEN—This is a question which we do not very often ask people, although it seems to me that it is a question we should ask more often. Particularly in your region, there is an obvious gap between what people understand about the facilities or services available to them and what is actually available. There are two types of availability: one is technological availability and the other is actual availability. It seems to me that, particularly in your region, it is obvious that a lot of the population do not even know what they can do. You gave an example of someone you spoke to in—I will not name the town—who does not know what email is. I was like that a few years ago. But how do we go about breaking down that barrier?

Ms Sutcliffe—We go back to the old one-on-one communication.

Senator TCHEN—But that is particularly hard in a remote region, isn't it?

Ms Sutcliffe—It is not as hard as you would think. There are ways and means of getting people together, but paperwork is a waste of time and money. If they are not on the computer then emails obviously do not get through, so really the only way is to communicate personally through small groups, through councils to an extent. There are going to be some people in remote areas who will not want to go into business and who will never want to touch a computer and will never want to be part of the democratic process or government process. There will always be a small percentage who will not want to participate anyway. I think our organisation would take more of a personal approach through workshops, small meetings and through our business adviser going out there regularly and gradually making people more aware of the Internet and what it can do, so that they are not afraid of it. Our approach would be to set up small groups, a bit like Internet clubs, in the towns so that by word of mouth people will say, 'So-and-so has a computer. I have always wanted to have a look at one of them.' Then you might get people to realise that you can do all sorts of things on a computer and it will not blow up when you push a button. There are some businesses out there that were really of the old school, where everything was kept in a shoebox and the thumbnail was dipped in tar, but now they can see the advantages of the Internet.

Senator TCHEN—So you are talking about some sort of outreach program.

Ms Sutcliffe—Yes.

Senator TCHEN—Instead of a lot of nice posters—

Ms Sutcliffe—That is a waste of money.

Senator TCHEN—and colourful printouts. What about fridge magnets?

CHAIR—Fridge magnets are very scary things.

Senator TCHEN—They could be very useful; you look at them all the time. Looking at your submission—and this is not by way of criticism, Ms Sutcliffe—I wonder, when you talk about needing a telecommunications network, what sort of network you need. Particularly with your region, which is a very large, sparsely populated region, it seems to me that technologically the best way to cater for that would be through a satellite or some sort of network like that, rather than through a landline. But on page three of your submission you say that an adequate communications network would provide for, amongst other things, the extension of a fibre optic network across the region. That would not be very practical, would it?

Ms Sutcliffe—It is already on its way. It is already out to Mount Isa and up to Normanton, and the last link will be in July this year, when it connects Croydon through to Mount Surprise and back to Cairns again, somewhere down to Cardwell or wherever it goes. It will mean that fibre optic will be right through that area, and it only has one small section to do, which is why the introduction of CDMA mobile phones at Croydon has been delayed—it has to wait for the fibre optic to go through. I am not a technician, but apparently that is the reason. So Croydon will not get its mobile phones until the end of July. Satellite phones are fine—tremendous. CDMA only works within 40 to 60 kilometres of a town, which means that there are still huge

areas where there is no mobile phone access. There is satellite coverage, but the issue is the cost of the phones. The property owners were able to take advantage of the subsidy under Networking the Nation—the joint Telstra and IBM offer of cheaper computers. Those were the 160 properties that I mentioned. But that is only available in areas that do not have CDMA. Otherwise, the cost of a satellite phone is pretty steep.

Senator TCHEN—But the satellite system allows you to connect to the Internet as well, doesn't it?

Ms Sutcliffe—Yes, and to broadband. But unless it is subsidised, it is very expensive.

Senator TCHEN—The setting up costs are expensive?

Ms Sutcliffe—The setting up and operating costs. The property owners have a subsidy on the handset and the installation and operation of broadband. I think that is for a period of 12 or 24 months—something like that. But if the cost of satellite could come down, yes, it is the way to go.

Senator TCHEN—When you talk about the fibre optic network, you are basically talking about a connection between the major centres—

Ms Sutcliffe—Yes.

Senator TCHEN—rather than spread right through the region?

Ms Sutcliffe—It would only be through the major centres.

Senator TCHEN—Concurrently with this inquiry, this committee is looking into public libraries as a way of providing Internet access to the community. Were you aware of that?

Ms Sutcliffe—This inquiry is looking at that?

Senator TCHEN—No, this committee is running a parallel inquiry. This afternoon we will be hearing evidence in our library inquiry. The idea is that a public library could provide Internet access to the community. We are looking into that ability, and the criteria for using a public library as a way of providing access, particularly in communities where they might not otherwise have access. Do you think that facilities like public libraries would be able to assist you in your region in providing better access?

Ms Sutcliffe—Yes, definitely, if there were a library in the town. Most of them do have council controlled libraries. In Georgetown this weekend a TerrEstrial centre, which has a library and an Internet cafe, will be opening. It is also a geological museum. But that is following down that track, and the objective is that it will also be a training centre for people. There will be about 10 to a dozen computers for people in the community to come in and use free of charge, and tourists will be able to use it as an Internet cafe. That is the sort of concept that you are talking about, I imagine, and it is the only way that a small town such as Georgetown would have been able to introduce it. It was sponsored by the local authority, with funding from the state and federal governments to make it happen. We would see that as

becoming, for the eastern gulf area, a fairly significant training centre. The only other thing we have to look for is accommodation for students.

Senator MOORE—Good luck!

Ms Sutcliffe—Yes, I know; it is a huge problem.

Senator MOORE—It is massive.

Ms Sutcliffe—That would be a definite advantage. In small towns such as Croydon it is linked to the visitor information centre, which is not a library, but then Croydon does not have a library. Normanton will be linked to a big visitor information centre—I think it is going to have a library in there. To make it freely available through the public library infrastructure and network is an excellent idea.

Senator MOORE—Do people talk much about telecommunications in your large coverage area when they talk with you?

Ms Sutcliffe—Yes, a quite a lot actually. It is a huge issue.

Senator MOORE—It is an issue of concern.

Ms Sutcliffe—It is a very big issue. Bear in mind that until two or three years ago all they had was a rusty old landline that dropped out at regular intervals, and if a cloud went over the sun, that was it—everything stopped. But with Networking the Nation and the technology that is being delivered out there, people are starting to notice it more and to talk about it more and say, ‘That works. How can we improve it? What more can we get out of this?’

Senator MOORE—So there is awareness?

Ms Sutcliffe—There is awareness, definitely.

Senator MOORE—Is the local connection with Telstra the Telstra Country Wide network?

Ms Sutcliffe—Yes.

Senator MOORE—And that is the one in Cairns that you deal with mainly?

Ms Sutcliffe—Yes.

Senator MOORE—Is that mobile? Do those people get around all the areas that you have mentioned?

Ms Sutcliffe—They have turned up to a number of our meetings out in the gulf. Quite often you will be travelling through a town and there will be a Telstra person there.

Senator MOORE—Clearly identified in the Telstra truck.

Ms Sutcliffe—That is right, yes. Quite surprisingly, they do have a fairly big presence out there.

Senator MOORE—A personal presence, so people know them?

Ms Sutcliffe—Yes.

Senator MOORE—In the previous submission there was strong emphasis on the personal presence—having people you can talk to and see. So even in your network there is an awareness of Telstra and their actions?

Ms Sutcliffe—That is right.

Senator MOORE—I want to clarify the issue of broadband access because in your submission you talk particularly about education. Is broadband access there now?

Ms Sutcliffe—It is there now; it is a matter of being able to afford it.

Senator MOORE—Will that allow things like the development of the education network? I am aware of the Queensland education program and your submission made us aware of the South Australian School of the Air one. So can your communities, particularly in the northern part, access that type of service now?

Ms Sutcliffe—They can. I think it gets back to cost. We put on broadband at our office in Cairns, but it cost. The improvements are just incredible.

Senator MOORE—In what you can access?

Ms Sutcliffe—Access is much faster. The property owners with that special offer have access to broadband and they can get it cheaper and faster than anybody in a town out in the gulf. If somebody else wants to do Internet banking, for example, a big complaint is that Internet banking is fairly important but it is darn slow. There are even comments that maybe Telstra is in cahoots with the banks. You say, ‘Come on, it is just the fact that it is slow.’ It is costly if you want to put in broadband; it is expensive. So that is an inhibitor. If there could be some way that those costs could be reduced then the take-up would be greater and the benefits to business, education and health would be much increased.

CHAIR—With Internet banking, do you see any options that we should take up with the banks for improving the service speed and issues like that—I mean outside the infrastructure in respect of Telstra?

Ms Sutcliffe—I would have thought that speed would be a technology issue. It would not be the banks.

CHAIR—Yes, that is right. But it can be the design of a web site and the size of the server at the other end to some extent.

Ms Sutcliffe—I cannot answer that. I use Internet banking in Cairns and I do not have broadband, yet I do not have that same difficulty of incredible slowness.

Senator MOORE—But if you were visiting Kowanyama and you wanted to do your banking there, you would anticipate it would be more difficult.

Ms Sutcliffe—I would anticipate it would be.

Senator MOORE—The other issue is the one I ask about all the time: when people in jobs like yours get together in any way—because I know in your network they do get together—

Ms Sutcliffe—Yes, we do.

Senator MOORE—is the issue of telecommunications one that people talk about? Is that a shared concern or one that is on your list of priorities when you have that valuable time to talk to each other? Are communications and the way it is used a topic that comes up?

Ms Sutcliffe—It is a topic that comes up. These days it is not such a matter of lousy communications and lack of phones; it is a matter of saying, ‘We’ve got this now. How can we use it and how can we make people understand what is there?’ In that sense, it has progressed from not having anything to saying, ‘We’ve got something; now how can we use it, how can we make people understand and how can we make it easy for them to be a part of this whole new process?’ Otherwise they are going to get left behind. It is certainly an issue.

Senator MOORE—Is there a shared response to that as well—if something works somewhere, can it then be adapted in different areas?

Ms Sutcliffe—Yes, we have a lot to do with the Cape York organisation. I am also a board member of the FNQACC and these sorts of issues come around quite often.

Senator MOORE—To get the best possible value.

Ms Sutcliffe—Yes. You are networking and value adding as far as possible, picking up ideas where you can.

CHAIR—Thank you very much for your evidence this morning. It has been helpful and interesting and has raised a few issues that we had not really thought of before which we will need to follow up with other people. Thank you for your evidence. You are excused from the committee.

[11.48 a.m.]

CLOONAN, Councillor Ray, Councillor, Townsville City Council

CHAIR—Welcome. Thank you for giving us your time and for appearing by teleconference today. It is much appreciated by the committee. The committee has before it your submission, which we have already published. Would you like to make any alterations or corrections to that written submission at this stage?

Councillor Cloonan—Not really, but possibly some amplifications.

CHAIR—That is what the opening statement will be about. The committee prefers all evidence to be given in public, but should you at any stage wish to give your evidence, part of your evidence or any answers to specific questions in private you may ask to do so and we will consider your request. You are reminded that evidence given to the committee is protected by parliamentary privilege. I also inform you that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. I now invite you to make an opening statement before we move to senators' questions.

Councillor Cloonan—Thank you. I assume you have read the submission we sent to your Senate inquiry, which is the same as the submission we sent to the Estens inquiry. I am pleased to have the opportunity to speak to you today, because we did not get the opportunity to speak to the Estens inquiry, which, as you probably know, had a very short time line between announcement and submission.

The Townsville situation covers a number of things. In summary, we believe that equitable access to high-quality, affordable and reliable telecommunication services is critical to the quality of life and the competitive nature of industries in our city. We say that because, as Australia's 11th largest city, we have an increasing population rate greater than most other places and an increasingly diverse economic work force in Townsville and we recognise the tyranny of distance which is likely to re-emerge as the modern economy moves towards value added industries that use information technology. We are critically aware of its importance for our community and acutely aware of some gaps in the provision of those services. In 2001, annual telecommunications expenditure in Townsville was in the order of \$138 million, of which about \$54.9 was spent on business. The remaining \$83 million was spent on domestic consumption. There are 60,540 households in Townsville region—that number has now risen. There are 8,500 businesses in Townsville—and that is a 1998 figure, which again should be updated.

Another aspect that is becoming important is the major potential of home based industries. Home based industries are particularly important in Townsville due to the presence of James Cook University producing high-quality graduates in the area of information technology and related industries. It has been my observation that a number of the new businesses and initiatives in the high-tech area are classic small businesses, frequently run from home without the need for major infrastructure in terms of office space and things like that. In fact, as a teacher, I have had ex-students develop material from their bedrooms.

In September 2002 we made a submission to the Estens inquiry and, as part of that submission, we decided that we would elicit from the community their views on this issue. We held a consultative forum, of which I was the chairperson, and we were very pleased at the response from the Townsville community, in particular the response from the techno community in Townsville. We had speakers from James Cook University, Commerce Queensland and Telstra, and we had other local business people speaking as well as representatives from Townsville Enterprise, the local business association umbrella group. We had a number of written submissions as well.

We have good relations with Telstra Country Wide in Townsville, so there really was not any animus there. They gave a good submission to that forum. In the forum we looked at basic telephony, dial-up Internet services, mobile services, broadband provision and competition and how we could future-proof our community against further technological changes that run the risk of leaving us behind.

Basic telephony is more or less satisfactory. Maintaining service standards and reliability require constant vigilance and investment in human and capital resources. However, it is our view that full privatisation of the network owner would jeopardise long-term investment in the network. It would become concentrated in areas of high shareholder margin, and that would not be regional Australia and would not be the Townsville community. We have noticed that in recent years Telstra have reduced their capital expenditure in terms of upgrading lines and putting in new development. I note the rather profligate expenditure on renaming football stadiums in Melbourne and Sydney—the Telstra Dome in Melbourne and the Telstra Stadium in Sydney for rugby league; these are an indication of their expenditure priorities.

Competition in long-distance telephony over the last five years has led to some price reductions. However, it is believed that there remains room in relation to pricing and a more robust competition will facilitate that. Mobile telephony is improving. We still have some black spots but the council has been working with Telstra in putting in mobile phone towers on Magnetic Island—with some community opposition, I might add—to try to cover certain areas where provision has not been good.

Basic dial-up services, less than 64 kilobytes a second, are fairly reliable and, on the whole, satisfactory—although my personal one at home is 31.2 kilobytes and capped. However, forced timeouts continue to frustrate local consumers. ADSL broadband is currently inadequate across the city. Over 10 per cent of Townsville customers simply cannot get ADSL, due principally to network and technology constraints. The infrastructure installed by Telstra over the recent years has led to this situation.

We have over 50 RIMs throughout Townsville, which are not compatible with ADSL, mostly in the newer subdivisions. Townsville, being a rapidly growing provincial city, has a lot of people living in housing estates which have been developed in the last five, six, seven or eight years, and they do not have access to ADSL because of the installation of RIM technology. There are some areas with pair gain systems, which also have restricted ADSL availability, and there are a small number of customers who cannot get ADSL due to distance from the exchange.

Investment in technology and network infrastructure are required to receive a satisfactory situation of ADSL availability for all. We believe this is an absolute imperative for our region.

Sadly, I have seen no movement from when this submission was written in September last year to now. In fact, for the subdivision I live in, and my house is only nine years old, when I go to the Telstra broadband web site and type in my phone number to look at ADSL availability the answer is, 'Not available in your area.' I look with some amusement at Telstra's statements that they are registering demand; I have seen no evidence of that. The answer that I receive on the web site is, 'See you later.'

Competition is recognised as an important ingredient in ensuring that consumers receive quality services and affordable prices. We believe that the ACA, ACCC and TIO have critical regulatory roles to play and should be properly resourced in order to maintain proper, robust competition. Current levels of retail competition in broadband are disappointing. The cost is still too high.

We note in this context too that James Cook University was at the time we wrote the submission in a parlous state in terms of its capacity for broadband provision in comparison with other universities. That situation has been remediated to a considerable degree by a recent announcement of federal government funding; however, the problem still remains that students who want external access to James Cook University are hampered by their lack of ADSL. So a student in Mexico City can access James Cook University better than can a student in Cloncurry or Annandale, where I live, which is about three kilometres from James Cook Uni.

I turn now to the issue of future-proofing. Long-term standards can only be maintained if there is ongoing investment in the maintenance and upgrade of the network infrastructure and technology. We need a core national telephony network maintained in majority public ownership, because it is in the interests of the national government to govern for all Australians. It is our view that if it is privatised this will lead to a concentration in the hands of major shareholders—and they will not be people who will be interested in spending large amounts of money where we live.

In terms of future broadband directions, Telstra have indicated that they will install CMUX systems into the RIMs to ensure ADSL compatibility on a demand driven basis, similar to the British Telecom model—they actually stated that at our forum in Townsville. Under a British Telecom model, customers in an exchange area would register an intent to subscribe to ADSL and when a threshold is reached the technology would be invested. No thresholds have been determined for application in Australia, though it can be noted that each CMUX can deal with 24 connections only, so it would appear that, if your exchange has a RIM and they put a CMUX in, they can only take 24 of you anyway. It would appear that since the Estens inquiry and the positive noises from Telstra, some degree of momentum has emerged in relation to determining the threshold and promoting the approach—but, as I say, from a personal point of view, I have actually seen no evidence of it.

We also note that Ergon Energy is now deploying a fibre optic network through 13 Queensland regional centres. Its path will link key substations and form rings around regional centres that will link back to major backbones, but the problem again remains on last mile solutions. Townsville Enterprise Ltd and the Townsville City Council have had discussions about developing a private telco along the Ipswich and Bendigo models, but those talks are in the preliminary stages.

In addition to being a Townsville city councillor, I am a teacher, and I am speaking to you from the school where I work. I am head of a science department. At my school, which is a prep to year 12 school, students in year 4 develop web pages—those are kids aged eight to nine. In year 7 they create animations—they are 12-year-olds. In year 9, I correct PowerPoint presentations of assignments from students, and these are kids who are 14 years old. At senior levels, which I also teach, use of the Net and use of a whole range of software is second nature to students.

The lack of ADSL for many of my students—and I not only live but also work in an area which does not have ADSL—means very slow downloads for multimedia material. For instance, I encourage students to use the Net, but when they go and investigate planets on NASA web sites they find with their slow dial-up connections at home that downloading pictures of new planets discovered in the solar system is painfully slow. They are unable to access animations or things like the phases of the moon. Software upgrades and patches, which as we all know are a modern part of Microsoft's way of operating, mean you have to let the computer run all night. Later on, you will be hearing a submission from my employer, the Catholic Education Office in Townsville, who will describe to you some of the major difficulties we face in providing basic Internet access for remote schools.

On a personal note, I notice that a couple of your senators are not there, so there are two Queenslanders, I think, and a Victorian. One thing I notice as an ex-Victorian—I came to Queensland 11 years ago—is that my affection for AFL has not changed. Just listen to this little story. I missed listening to Saturday AFL chitchat from Melbourne so I had to buy a short-wave radio to tune into Radio Australia's *Grandstand* broadcast out of 3LO Melbourne to lonely expatriates. Three years ago I could listen to 3LO at any time on streaming audio on my slow dial-up narrowband via Real Audio. I could click onto a radio station and listen to streaming audio. I could indulge my passion for AFL. Friday night blockbuster games in the AFL are on free-to-air television here at midnight and at 9.30 pm on pay television, but I could listen to them on streaming audio when the game started, a bit after 7.00 pm.

A couple of years ago, the AFL signed a deal with Telstra so all streaming audio of AFL games was by subscription—\$50. But the connection was at such a speed that my dial-up connection broke up with buffering and I could not listen to the broadcast. It is fascinating that Telstra now send out AFL audio in such a manner that a high, 40 to 50 kilobyte dial-up speed or broadband is necessary. So now I am back to short-wave radio. I set the video to delayed recording for the midnight free-to-air broadcast while I try not to listen to the news until the next morning when I can watch the game fresh. Recently, my mother-in-law came to stay with us and wanted to access material on the pension and nursing homes. Her local Centrelink had been closed down, so I accessed the material online for her. It took ages to download large government documents in PDF format, tying up my phone line for an inordinate time.

So I am wearing three hats. From my point of view as a councillor, our economic diversity and vigour is threatened by the lack of generalised, affordable broadband, and that is a plea echoed by many of the submissions from rural Australia that were sent to the Estens inquiry. From my point of view as a teacher, my students are very Net savvy, and we are training them well at school, the best we can, but then letting them down when they go home or look for employment. From my point of view as an ordinary person, my slow dial-up, with no hope of an upgrade, restricts my access to wider resources. Thanks a lot.

CHAIR—Thank you. I hope your mother-in-law did not disclose the footy score!

Councillor Cloonan—No, she did not. She was with us at the time. I think she also barracks for Collingwood, which is unfortunate!

CHAIR—I have a couple of questions before I hand over to other members of the committee. You indicated in your submission that there has been some pressure on Telstra to reduce its capital expenditure budgets due to commercial imperatives. Do you have any evidence on or feel for what that has meant for investment in Townsville specifically?

Councillor Cloonan—Not Townsville specifically, but I note it as a shareholder in Telstra and as a keen reader of the *Financial Review*. The pressure from superannuation funds and the large banks who are major shareholders in Telstra is to restrict the kind of questionable expenditure and capital expansion which may not generate sufficient income. The pressure is on Telstra to become a high-dividend cash cow rather than an innovative company. Looking at it in another context, my son recently graduated from electronics and electrical engineering. One of his colleagues did work experience with NDC, which was the R&D wing of Telstra. They got rid of it a couple of years ago, although they may be taking some steps towards bringing it back again. It is of concern that they are not spending much money on R&D, and the effect of that will be in a minor way jobs in Townsville but in a major way development of new ways to cover this last mile connectivity that they have created by the infrastructure they have installed.

CHAIR—My second question is on the issue of broadband pricing, which is one of the issues you raised in your submission and addressed in your opening statement. You have indicated that a lot of people think it is too expensive, and there is some evidence in your submission from various surveys that something like 23 per cent of households said that Internet access was too costly. By international standards, the broadband costs in this country are actually reasonably competitive. What benchmark would you use to determine whether broadband was too expensive—or is it simply a matter of what people are prepared to pay?

Councillor Cloonan—With broadband, my option is a satellite, which is horrendously expensive. I took exception to Telstra telling me that I should connect to ISDN, which I regard as a fairly geriatric technology. Their only answer was a glib, ‘Well, just hook onto satellite.’ For those without ADSL, satellite is subsidised in certain rural areas; it is not subsidised in regional areas. So I have to pay full dollar for a slow outgoing and a fast incoming with a satellite dish, but I get no subsidy for that. I live two kilometres from the demographic centre of a city of 150,000 people; to put up a satellite dish for the Internet is plainly ridiculous. In terms of other expenditure, I do not have pay television; I cannot justify the cost in terms of the time I have to use it. The figures I have seen show that people tend to jib at about \$50. International comparisons depend upon how much money people earn, their level of disposable income and whole lot of other factors like that. I am concerned about this move for Telstra to become a high-dividend cash cow. It costs very little to run ADSL once it is there. There is not much wear and tear on the lines with data running up and down.

CHAIR—Is there much competition on broadband costs in Townsville, particularly with the Reefnet being put in?

Councillor Cloonan—I am not aware of it. I know that one other company periodically advertises, and there are occasionally advertisements from other smaller broadband providers. I have not pursued them, because I cannot get it. Even when you ring them up, they will say, ‘Oh yeah, we can get you broadband,’ but then when they ring about two weeks later they say, ‘Oh no, we can’t. The exchange can’t cope.’

CHAIR—You mentioned earlier the Ipswich and Bendigo community telcos. The committee took evidence about the Bendigo telco, which to be honest quite impressed us. Do you think that sort of model will work in terms of aggregating demand in Townsville?

Councillor Cloonan—I worry, economically, that the Townsville City Council may become involved—or any other government may become involved—in private enterprise ventures, because it is not an appropriate role for governments to do that. I worry about the economic viability of such things. I think the provision of broadband is what a government should be doing, along with the provision of health, roads, airports, schools and universities.

CHAIR—But the aggregation of demand is not infrastructure provision—

Councillor Cloonan—No, it is not. We are happy to facilitate that. In fact, a group we had at the forum represented—somebody did a calculation of how many gigabytes—a very large amount of demand. Townsville is not uniquely centred but it is very well centred with telemedicine from the Douglas hospital, which was recently built by the state government, James Cook University, the Australian Institute of Marine Science, various CSIRO laboratories and a couple of CRCs. We have a large pool of highly talented people, all of whom need good quality broadband. What appears to be happening is that some of them are doing deals and getting broadband connectivity, but it is not happening across small business and the general public, which is what I am most concerned about. My need for broadband is minuscule compared to the Douglas hospital’s need. What tends to happen is that the large users are individually getting themselves upgraded but the general public and the people I am describing in home based businesses and the clever young people I have taught at school and who have graduated from James Cook Uni leave town.

CHAIR—What is the relationship between the council and Telstra Country Wide? Is that productive? Is Telstra Country Wide pulling its weight?

Councillor Cloonan—Yes, they are fine. I think their hands are tied by the fact that they do not have money for capital expansion. Their priorities are determined by people at a much more senior level. Individually, I know two or three of the people well and they are fine; we have no difficulty at all with Telstra Country Wide.

Senator TCHEN—Thank you for coming along today to give evidence. I have a number of questions arising from your submission that I would like you to clarify. You mentioned that one of the frustrating factors, particularly for Townsville businesses, with the broadband service is forced timeouts. Is that unique to Townsville?

Councillor Cloonan—I do not think so, no. A number of the Internet service providers say you can only be online for four hours. You are then disconnected and ring up again. That of

course increases telephone connection costs. If you want to download a large document or something and it is going to take longer than that, then you are in trouble.

Senator TCHEN—If it is not a problem which is unique to Townsville, then I cannot see it being a particular problem. It is not a high-priority problem, is it?

Councillor Cloonan—It is an irritation for a business with slow Internet that wants to download a document when there is a four-hour forced time-out. It cannot do it.

Senator TCHEN—What is the rationale for this forced time-out?

Councillor Cloonan—I do not know what the rationale is. I am guessing here. I guess that certain ISPs have a certain fixed number of modems and they do not want them tied up by a small number of people for extended periods of time, because other customers who have paid a fee for access ring up and cannot get access, because they are busy. I am guessing that might be the reason, but I do not know.

Senator TCHEN—The reason I am looking at this is that you raised it as a particular problem.

Councillor Cloonan—It is a problem. I do not know exactly why it is there.

Senator TCHEN—It seemed to me that, quite often, it could be a situation where there is a balance between overinvestment in infrastructure and the need to try to enforce some kind of user discipline.

Councillor Cloonan—You may well be correct. If you are a small ISP, you do not wish to buy a whole lot of additional telephone lines, modems and things like that.

Senator TCHEN—You raised an issue about the option of satellite telecommunications services. You mentioned that it is very high cost. Can you give us some idea of what sort of costs you are talking about?

Councillor Cloonan—I have not checked them recently. I have an idea it was something like \$500 or \$600 for the initial connection. It is also large. It is a 1.2 metre diameter satellite dish that you put in your backyard. You have to be fairly keen for this. It has to be in a location where it is not obstructed by trees, so of course it is not suitable for people in flats and units or on smaller blocks of land, which are becoming common features in modern subdivisions. It is a limited solution.

Senator TCHEN—Yes. But what about the usage costs, the actual operation costs?

Councillor Cloonan—I have not got any recent data on that, but that material is covered in Paul Budde's submission to the Estens inquiry. I do not know; it was so dear that I never bothered pursuing it.

Senator TCHEN—I want to follow up some of the issues you raised. The first question is one I have been itching to ask somebody. We usually have a very large committee but today we only have three senators attending, so I have more time.

CHAIR—You have us fascinated, Senator.

Senator TCHEN—One of the constant themes we hear from consumer representatives and also from other people is the inadequacy of Telstra's service, particularly through a lack of capital investment and those types of factors. Councillor, can you cast your mind back before 1996? Were you satisfied then with services Telstra provided?

Councillor Cloonan—Telephonewise, it has been okay.

Senator TCHEN—What about things like Internet connections, mobile phones and so on—high-technology services?

Councillor Cloonan—1996—you are going back to about the start of the World Wide Web.

Senator TCHEN—The World Wide Web started back in the sixties.

Councillor Cloonan—But not for Townsville. I can recall being the first external user on the Internet from James Cook University computer centre before there was an ISP in Townsville. That would have been in about 1996. We had a dial-up connection to James Cook University and we could only use Lynx. I know that because my son was at that age using Lynx and we had a discussion in 1996 where I said, 'Hey, this World Wide Web looks interesting,' and he said, 'It'll never come to anything.' The access there was to bulletin boards in Brisbane at very high telephone costs. So in terms of Internet use pre-1996, I do not think I was ever on it. It may have started in the sixties, but it certainly was not generally available. There was also a monumental lack of content. There were about four or five aspects of the Net then, and the World Wide Web was really only a minor part.

Senator TCHEN—I was itching to ask that question because usually when people raise this issue they relate it to the fact that Telstra has been privatised, and to whether it should be further privatised—it were further privatised then we could expect a further drop in service levels and so on. But it seems to me that for a lot of people there is really a case of rising expectation. I can remember that before 1996 I was always dissatisfied with the then Telecom service. The service seems to have improved a fair bit since then. One—not all—of the rationales of privatisation is that increased competition will force the provider to raise its standard. That is of course assuming the expectation remains at the same level; then people can see the improvement. But if the expectation of service level increases at a faster rate, and capital investment and other types of investment can allow the service level to be improved, then people will continue to be dissatisfied.

Councillor Cloonan—You are right. There are two aspects in response to that. In one sense you need to be in a market large enough to attract competitors, because they can see the potential to make some money out of the market. At the moment Townsville is too small. It is the 11th biggest city in Australia, so woe betide anywhere that is the 12th biggest and all the way down to the 10,000th biggest, because they will get nothing from competition. The

economic model that you are describing only works in large aggregations. I have a friend who lives in North Fitzroy in Melbourne and other friends who live in Taringa and Indooroopilly in Brisbane and they have cable and pay TV and all that stuff running past their houses. Yes, competition is alive and thriving where there are large aggregations of well-heeled people who can take it up. Once you move out of that zone then you are in trouble.

It is certainly clear that there are higher expectations among the community. My irritation is that ADSL has been around for a very long time too, and what happened is that with the commencement of the privatisation of Telstra they started to restrict expenditure and they hid behind the community obligation of 2.4 kilobytes per second—I think that is the figure they used to use—knowing that ADSL was coming. They put in RIMs where you could not get ADSL and they persisted. Until just recently, they used to advertise ISDN as broadband, which it is plainly not. Now, faced with this scenario, they are saying, ‘We will put in CMUXs and miniMUXs and things like that if there is demand.’ They do not state what the demand is. The reply given to me by our local federal member of parliament in answer to my problem was, ‘Just move where you live,’ which is a fairly trite answer.

We certainly do have increasing expectations of health. The state and federal governments are putting \$40 million into building the Douglas arterial bridge in Townsville, because people do not like sitting in their cars for an inordinate period of time. There is an increasing expectation in the community, but there are certain things that governments should do and should not just rely on the marketplace to do, because the marketplace argument does not work in smaller places.

Senator TCHEN—I am wondering whether, if expectations can be managed, we might reduce the level of disappointment.

Councillor Cloonan—You will end up condemning businesses here to an outmoded technology system, and our economic vigour in this community will be curtailed. It will go back to the capital cities getting the high-tech work. I do not think that is right. Our port in Townsville is a major port to Asia. We have highly skilled engineering firms and all sorts of things like that here where they need to exchange large documents which are part of winning contracts and upgrading things. If they do not have ADSL broadband, they do not get the work. It is the same argument in Cairns, Mackay and Rockhampton and all of those, where their suburbs have substandard infrastructure which needs to be upgraded. That is the job of the government, because it is not economically viable for private enterprise to do it.

Senator TCHEN—I can see that Townsville’s gains have been Melbourne’s loss—very much so.

Councillor Cloonan—I do not know. Maybe you do not name Telstra Dome and you do not name football stadiums.

Senator TCHEN—No, I am talking about you moving up to Townsville.

Councillor Cloonan—I left Victoria; I am happy to stay here. But I would like to have services vaguely equivalent to those of my city cousins.

Senator TCHEN—Can I ask you a last question on your view on that. What intrigued me a little bit is that when you responded to the chair's question about the council-led community initiative in trying to identify telecommunications network needs and therefore demands in the local community and trying to then match them to the service that can be provided, you said that you had some misgivings about local government taking a role in this.

Councillor Cloonan—Only in the sense of investing money. After the experience as a Victorian, looking at governments involved in banking and other things, I am wary of local government putting up money to put in last-mile infrastructure in the hope that people will use it. I do not think it is a responsibility of local government to do that. I do not want to risk ratepayers' money. We are happy to facilitate business and the education community and general consumers. We are happy to arrange meetings; we are happy to get people together. We are happy to say, 'Here is all this aggregated demand for broadband and, over there in the other room or on the other side of the table is the Bendigo Bank or someone else, or the Ipswich model, and we put them all together. We would be partners in assisting and facilitating, but I am wary of us investing money. Our nuts and bolts business in local government is drains, roads and things like that. We tax the community through our rates and receive money from the federal and state governments and we spend it on those services. We are happy to facilitate; I just have some considerable concerns about risking ratepayers' money.

Senator TCHEN—But you have no concern about the government risking taxpayers' money going into broadband commercial business.

Councillor Cloonan—I think the federal government has a clear role in providing certain standards of living for Australians. In local government, we do that with roads and parks and things like that. The state government does it with schools and hospitals et cetera, and the federal government does so with telecommunications.

Senator TCHEN—Just to keep your mind at peace, Councillor Cloonan, I do not think that the Greater Bendigo City Council actually put a great deal of money into the Bendigo community telco; it is only the leadership role.

Senator MOORE—I only have a couple of questions. One is in relation to the consultation process that you put in place. You identify that in your submission. You say that there was great interest. Is it a common expectation of council that there is interest in issues to do with telecommunications?

Councillor Cloonan—Amongst certain sectors of the community, there is high interest. For instance, when it became known—and there were some articles in the *Townsville Bulletin*—that I was taking a lead role in getting some publicity and generating interest in it, a lot of my students spoke to me. They were acutely aware of it. They did not come to the forum, but they certainly told me things at school. I knew some people in local high-tech related industries—ICT type industries—and asked them to come along, which they did. I am not technically minded. My role was to facilitate the coming together of people with a need. That occurred, and I would like to see that group—certainly with an expanded ambit, because there are more people who work in the area than attended the forum—become involved. I think that in time that need will be greater and the role of the city council is just to bring them all into the same room.

Senator MOORE—Is there any expectation that the council will do follow-up; that within a certain period of time there will be another meeting to see whether any progress has been made or whether opinions have changed?

Councillor Cloonan—It is funny revisiting this issue after six months. When I saw in the paper that your committee was coming, and we made overtures that we would like to talk to you, I went and reread the material and I was struck by how little has changed in six months. The answer is: nothing. We wrote about the problems of 10 per cent of the Townsville people and that number is increasing because new developments are occurring in the suburbs and they continue to be hooked up to RIMs. They do not know that. In fact, when you want to build a house, you cannot find out whether you can get ADSL until you actually build the house and you have a phone number. I do not see any change at all.

Senator MOORE—Who has the council's communications contract—for your phones, broadband and all that stuff?

Councillor Cloonan—I do not know; I think it is Telstra. I have a Telstra mobile phone, which was provided for me by the Townsville City Council. We have not done any private deals or anything.

Senator MOORE—No, I am just interested in who has the council business. It is interesting across the country to see who has been able to win those contracts.

Councillor Cloonan—I know that there was some media a little while ago about certain councils doing special deals. We are not one of those.

Senator MOORE—In your submission, you quote the chamber of commerce saying that potential business is being lost from the Townsville region to Brisbane. Are you aware of what kinds of businesses have chosen Brisbane over Townsville because of concerns about communications issues?

Councillor Cloonan—They tend to be high-tech—this is absolutely anecdotal. You would be better off speaking with Commerce Queensland about this; they made a very strong series of statements at the forum that we had. As I understand it, they tend to be the cutting-edge software development groups who need high capacity and reliable broadband connectivity or they tend to be engineering type firms that need to exchange large, complex documents—when they win a contract in Singapore or somewhere like that, they need to send engineering drawings back and forth with amendments and that is a very high broadband hungry type activity.

When you read the Estens submissions from the rice growers and others, there are some incredibly high-tech industries in some very remote parts of Australia. It is much wider than what I had previously thought was the situation. I tended to think of engineering firms and software companies, but a lot of agriculture in remote parts of Australia now needs broadband in order to stay abreast of futures markets and movements like that. I was struck by those kinds of comments from industry groups that I had not thought would have had such a need for broadband; clearly they do.

Senator MOORE—That kind of access has become a natural business enterprise now.

Councillor Cloonan—Yes, it has.

Senator MOORE—In Senator Lundy's absence—and this is definitely her area—she is particularly interested in voice over IP. In your submission you cite one of the significant businesses: QNI. Who are QNI?

Councillor Cloonan—Queensland Nickel.

Senator MOORE—I should have known. Queensland Nickel is a very significant business in the Townsville area.

Councillor Cloonan—I do not know how many people they employ, but it is a very big mineral processing plant.

Senator MOORE—It is massive.

Councillor Cloonan—Ships come in from Noumea carrying rocks and that sort of stuff. It is a very big industry, but I do not know how many people are employed there. I do not know much about voice over IP either.

Senator MOORE—So it is a specific statement that they have chosen to go that way because of concerns about the process.

Councillor Cloonan—That is right.

Senator MOORE—We will get Senator Lundy to follow up that one. I know that she always asks questions about voice over IP.

Councillor Cloonan—I follow with interest stories of broadband over telephone lines, up gas pipes, along sewer lines, through water pipes and all sorts of stuff like that. Then there is wireless telephony. I am not technically minded; I am told some of those are not really viable. Something has to be done for that last-mile connectivity.

Senator MOORE—Are you aware of the term 'mass service disruption'—MSD?

Councillor Cloonan—No.

Senator MOORE—One of the things that we have been told—and it is definitely in the current national arrangement with Telstra—is that a significant disturbance which affects communication gives Telstra a reason for being slow in doing repairs or things like that, and it is actually defined by Telstra. Because you have such an interest in this issue and because the term MSD is being used a lot, it may be useful to follow this up with the Telstra Country Wide people. The expectation in parts of the world is that because of the north Queensland climate you would be subject to MSD from time to time.

Councillor Cloonan—I have heard about that; I do not understand exactly what it is. It is like discussions about gel coating on joints and things—I do not know the details of that.

Senator MOORE—The actual details are thrown about. We are trying to follow it up because there is an expectation, particularly down south, that in the north you are subject to these things all the time. So we will follow up on that with Telstra.

Councillor Cloonan—Okay.

Senator MOORE—I know Townsville takes a very active role in local government association meetings. Is the issue of telecommunications something that comes up in discussions between local government agencies—the best use of it, problems with it and that kind of thing?

Councillor Cloonan—I know that when we are doing budgets we are all concerned about the amount of money we spend on telephones and Internet connectivity between councillors. We have a very interesting system where the watering system for many of our parks and median strips is controlled using a radio frequency between towers. We have water sensors in the ground. I think Townsville has the largest amount of irrigated public land in the country by a factor of three. The reason for that is that we get very long periods of time throughout winter when we do not get any rain at all. Unlike Melbourne, Sydney or Cairns and other wetter places where the watering through an irrigation system is really only supplementary, here it is absolutely critical. We use quite sophisticated computer technology with sensors in the ground that detect soil moisture levels and then send a signal. Our water engineers are able to just sit down and look at the sensors at many points around the city and automatically turn them on by pressing the keyboard.

We are acutely aware of the issue. I am not aware of any great movements at the Local Government Association of Queensland level, but then this is still a relatively new issue. Many councillors—and I do too—get far more phone calls about dogs, trees on footpaths and things like that than they do about telecommunications. But it is just an aspect of us looking ahead to try and increase the economic viability of our community.

Senator MOORE—Do you have a Townsville City Council call centre?

Councillor Cloonan—I do not think so; I do not know. I know the lady who answers the phone when I ring up!

Senator MOORE—If I am a constituent of Townsville City Council and I want to talk to someone, do I just make one phone call? Do I just ring one number and then I can talk to anyone in the council?

Councillor Cloonan—Yes, if they are at their desk.

Senator MOORE—Ringling in was an issue for one of the other councils.

Councillor Cloonan—No, we do not have a call centre in that sense.

CHAIR—Councillor Cloonan, thank you for your evidence this morning. It has been very helpful to the committee and yours was a very good submission.

Proceedings suspended from 12.32 p.m. to 1.18 p.m.

WAINWRIGHT, Professor Eric, Pro-Vice-Chancellor, Information Services and Technologies, James Cook University

CHAIR—Welcome and thank you for your time today; it is very much appreciated by the committee. The committee prefers all evidence to be given in public but should you at any stage wish to give your evidence, part of your evidence or answers to any specific questions in private, you may do so and we will consider your request. I remind you that evidence given to the committee is protected by parliamentary privilege. I also inform you that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. I now invite you to make an opening statement before we move to questions.

Prof. Wainwright—I assume that you have had a fair overview from David Maguire and Sandy Whyte of the local government sector and the sorts of issues they are raising so I will concentrate more specifically on the university point of view. We collaborate very closely with those organisations and tend to work across with them whenever issues relating to telecommunications come up because obviously there are issues relating to aggregation, creation of demand and similar things that cut across the region in terms of the approach by different kinds of organisations.

James Cook University is a small to medium-sized regional university. We have about 12,500 students—probably getting close to 10,000 equivalent full-time students. It has been growing relatively rapidly over the last five, six or seven years. Traditionally, the university has been based on a single campus in Townsville where we still have around three-quarters of our total student number. We have a rapidly growing campus in Cairns, which now has over 3,000 students. The university is increasingly operating to a number of other sites. We have university owned property, or joint ventured property, in which we are now offering studies in Mackay, Mount Isa and Thursday Island. We have a small operation in Bamaga, and we have sites on joint venture in Sydney, Melbourne, Brisbane, Singapore and, no doubt, very shortly in a number of other places in Asia. We have moved from being, basically, an on-campus school leaver type of university, overwhelmingly dominated by school leavers until about 10 years ago, to being a multisite institution where the majority of our students—for example, in Cairns—are mature age; over 50 per cent are not school leavers. The figure is probably about fifty-fifty over the whole university.

We have about 1,300 staff. We run about 3,000 fixed phones, 250 mobile phones and 1,500 on-campus work stations. That is the order of our scale of operation. It is not huge, but it is sizeable enough to cause a relatively high demand for both voice and data, and that demand is growing very rapidly. Our current year-on-year rate of increase of demand for capacity is about 70 per cent—running this year, compared with last year. We have been maintaining growth rates of demand in our data area of between 50 and 70 per cent year after year. This means, over 10 years, our demand goes up over 20 times. That gives you some idea of what we are facing.

We currently run relatively small broadband services. From Cairns to Townsville we are running 16 megabits. From Townsville down to Brisbane we are running 22 megabits, and we have small lines from places like Mackay and Mount Isa currently running at around 128 kilobytes or so. The university's telecommunications operations are presently subsidised by a

grant from the Commonwealth Department of Education, Science and Training—DEST—under what we call the GRUNT initiative, which I think stands for Greater Regional University Network Tails. It was a consortium that James Cook University led, and brought in all the other regional universities in Queensland. We managed to persuade the department that the regional universities were badly served, which they are, in getting access to broadband in Queensland. We put up a consortium deal, where we get subsidised for a two-year period, hoping that the market for bandwidth in this part of the world of regional Queensland would improve pricing and availability over that two-year period. It has not entirely been resolved, which is a point I will come to.

Under DEST's Higher Education Bandwidth Advisory Committee investigations and report, central Queensland University and James Cook University have recently been given access to a sizeable capital sum, which is aimed at enabling those two universities in stage one, and a number of other Queensland regional universities in stage two, to get much higher access to bandwidth over the next couple of years. I will come back to that. I do not think our requirements are any different from any other university you may visit. We have a rapid increase in online teaching delivery. It has been taken up not only by the traditionally remote students, but also by on-campus students who are becoming more time-poor. This is as you would expect when the average full-time student in Australia, according to recent surveys, is doing paid work for about 14 hours a week.

They are looking for ways in which they can mix on-campus study with off-campus access through online means one way or another. It is being driven by not just the traditional remote teaching learning option but also on-campus students. There is a very high increase in electronic library access. Like most universities, we are phasing out traditional printed journals as electronic journal options become more available and packaged in ways that allow us much improved access to a lot of material. You will find that the majority of university libraries in this country now have access to more journal material than they have ever had and that has been driven just in the last two to three years by packages of electronic material. As we merge the library essentially with the online teaching facility, students are only a click away from journal material, so there is a huge boom in the use of academic electronic resources.

As you would imagine with two main campuses and a number of other campuses, there is significant use of videoconferencing both for administrative purposes and teaching between campuses. We went from zero hours in 1997, I think, to something like 5,000 hours of videoconferencing last year and there will probably be another 30 per cent increase this year. So there has been a take-up of videoconferencing, particularly now that we have moved to digital videoconferencing with much better quality—you used to get that irritating delay between the sight and sound, which has been eliminated now. I think we are the first university in the country to be using access wall facilities for teaching—the only one, with two campuses, in the country at the moment to be actually using an access grid facility for teaching purposes. That is kicking forward the use of such facilities as people learn how to drive them.

One of the differences from most of the regional universities is that we are fairly research intensive—we always have been—so there are quite a number of research type applications which are more and more dependent on bandwidth one way or another. We have invested fairly heavily in high-performance computing. But the way high-performance computing is going is that the balance between the cost of bandwidth and compute power is changing, so we are finding it is more economic, if we can get the bandwidth, to go to other sites to pick up the

compute power—as long as you have enough bandwidth to drive the high data dependent applications. Even two years ago we would have made a decision to invest, say, another million dollars in high-performance computing on campus. Now almost certainly in our next upgrade and purchase we will go into a shared arrangement, where we are sharing other people's high computer power, as long as we have the bandwidth.

There are quite a lot of things which are still very hard to do in this region such as multimedia transfer. A lot of the high end graphics and printing—we do not have facilities in Cairns or Townsville—cannot be sent down the line to Brisbane. There is not enough capacity available to most people. It is very hard to do CAD/CAM work and shared engineering work between other sites because of bandwidth restrictions. For the sort of bandwidth we have, 3-D simulations are really a no-no. Our move into the medical and health areas generally—we are in the third year of a school of medicine in Townsville—has had a big impact on our health related enrolments. There are a lot of things that you want to do in telemedicine in terms of visualisation and imaging. Similarly, with geographical information systems, which is one of our specialities, there are a number of restrictions on what we can do with partners in other universities at the moment. All this is a longwinded way of saying our bandwidth demand is going up very quickly and we are having trouble meeting it. We really are at the end of the line here in Cairns and Townsville. Essentially, there has been no competition in long haul bandwidth into this region. If it is coming, it is probably because we are driving it.

There are a number of other issues in towns of this size, such as Cairns and Townsville, which are so remote from the capital cities. The populations are each about 120,000, but are clearly not enough to persuade Telstra to invest seriously in things like ADSL and, to some extent, the ISDN capability. They will claim that ADSL coverage is very good, but I cannot get ADSL from home, for example. I probably could not afford it anyway, but I cannot get it at all at the moment. That is in a reasonable suburb of Cairns, where you would expect they would have made a decision that there might be enough people who could afford it. So it is very patchy in both Townsville and Cairns.

Generally we have found Telstra's performance to be steadily improving in terms of installation, wait times and repair costs. They have been improving slowly but surely, but they are not yet comparable with the capital cities. Mobile phone coverage in the area is not a big deal for us—as I said, we only have 250 mobiles—but, nevertheless, coverage is pretty patchy around the town here. Even in Townsville, where you would think it would be a bit easier from a geographic point of view, it is quite patchy in areas. Once you get away from the two cities into most of the areas around here, it can be very patchy. I want to make some points about some general issues which relate to telecommunications development, but I guess that gives you some picture of where we are at the moment as far as the university is concerned. These are personal opinions, rather than the views of my institution.

CHAIR—We shall note that.

Prof. Wainwright—I should have said that at the beginning, I suppose, although in theory I do speak for the institution on these matters—it is in my portfolio. I am not a telecommunications expert, though. Like all universities in Australia, our main communications power comes through AARNet, through the academic and research network. But AARNet itself only links the state and territory capital cities. While AARNet has cross-subsidised the outlying state capitals such as Hobart, and even more so Darwin, once you are in a regional university

you are dependent on state-wide collaborative arrangements to reach the nearest AARNet point of presence, which, in our case, is in Brisbane. It is a particular problem. I guess that, in Cairns, of all the regional universities we are the furthest distance from any capital city.

Senator MOORE—Are you closer to Brisbane than Darwin?

Prof. Wainwright—I think so. But at least we have a line to Brisbane. It would be even harder trying to get to Darwin.

Senator MOORE—I think so, geographically.

Prof. Wainwright—Just to give you an idea, we are slightly further from Brisbane than Brisbane is from Melbourne, so it is a fair way. Up in this region, we have always suffered regarding the willingness of companies to invest in long haul capacity in one way or another—or to turn the capacity on, depending on which way you want to look at it.

CHAIR—Does not being connected to AARNet add to your costs?

Prof. Wainwright—Yes, quite significantly. The regional universities do tend to get sluggish in various ways. A much higher proportion of our phone calls are STD, obviously, so our average call cost is significantly higher than it would be within a capital city, whether we are using voice over IP or standard. Our average phone cost last year I think was about 38c per call. That is a lot better than it was five years ago—it has come down from about 60c per call to just under 40c per call. But, even then, you can see that there is a reasonable sprinkling of STD costs in that, compared with local costs. So that is one area, I guess. The market has shifted over the period—

CHAIR—Just coming back to AARNet—maybe other people know about it, but I do not—that is a network that links up all the big universities, is it?

Prof. Wainwright—As far as I know, every university in the country is currently a member of AARNet.

CHAIR—And that allows them to share costs?

Prof. Wainwright—Yes. It has been around for a long time and has really been the body that has driven the top end of some of the communications development in the country, because the universities were very early major users of bandwidth. It has been very effective in driving down the costs of international access. I think it is true still, although they are working on the western link at the moment, that all of Australia's access to the world through the Internet goes out through the US, with a number of other consequences about international payments, which at the moment are unfair, but I will leave that on one side. For example, in 1998 we were paying \$142.50 a gigabyte. Today we are paying \$22.50 a gigabyte. So it is down to about 15 per cent of the cost, which is just as well with the growth that we have had. Nevertheless, it has come down to one-sixth or one-seventh of the cost that it was six years ago in terms of international cost in volume terms. AARNet has been very successful in aggregating the demand for the whole of the university sector and then going out and dealing with carriers both domestically and internationally. Initially it negotiated with Telstra. When that deal came to an end in recent

years it went over to Optus. But it puts its business up for tender from time to time. Having regard to the glut in international carrier capacity at the moment it has been able to really knock the price down in the last couple of years. All the universities have certainly gained from that.

CHAIR—Not being a member of AARNet have you then got to negotiate direct with Telstra?

Prof. Wainwright—No, we are a member of AARNet, but we still have the problem of connecting to Brisbane. Once we get to Brisbane there is no problem. But over and above the normal AARNet costs we have our costs of connecting to Brisbane. We and Central Queensland University were singled out in the Higher Education Bandwidth Advisory Committee investigations. That committee reported three or four months ago—in November, I think. Out of that the regional Queensland unis are the first cabs off the rank in receiving some assistance to enable them to grow their bandwidth at reasonable cost. This has been quite significant for us because, essentially, Telstra's deal at the moment in this region is that if you want double the capacity, double the price. It is as simple as that. It is essentially a linear increase in cost, although not quite—it is about 90 per cent of a linear increase.

CHAIR—Do you think that reflects the true costs?

Prof. Wainwright—I have no idea. I do not have enough information to know.

Senator MOORE—So there is no problem in getting the capacity; you just have to pay for it.

Prof. Wainwright—It is not quite as simple as that. For example, when we last went out for bandwidth under the GRUNT project that I talked about, Telstra got the job because in the end they were the only company that could deliver what we wanted—that was two years ago. When it came down to it, they did not actually have what they said they could deliver. They had to put quite a large amount of equipment into Townsville, Cairns, Rockhampton and so on in order to provide the service at the kind of capacity that we wanted. Although the pipe is there and the fibre is in the ground with a huge amount of capacity—with new technology there is virtually unlimited capacity in the ground the way it is being used today—the problem is that Telstra is generally only prepared to invest in the take-off capacity when it can see a guaranteed market for that amount of business. This is the problem that we have had all the way along the line.

The deal that we are in the process of doing at the moment is with an energy company which we are expecting to lead to some quite high bandwidth availability in a multi-year deal. We will be using the capital that we are putting up ourselves and also being assisted with by DEST essentially to guarantee that company that they will get a return on their investment. We are paying a reasonable amount of their investment in fibre capacity in the take-offs in order for them to enter central and northern Queensland. That is what it amounts to. Essentially, Commonwealth subsidies one way or another are going into building the infrastructure capability in the region.

Just to sum up, at the moment there are still some significant barriers in this region to the provision of high bandwidth. We as a university are in a somewhat privileged position because we have been assisted by DEST with capital to get access to more infrastructure. This does not necessarily, at the moment, help anybody else in the region, because we cannot aggregate. We

are unable to even aggregate with the TAFE and schools, let alone with local business. Under the carrier arrangements for AARNet, we cannot aggregate. So even though we may very well find that we do have a way forward in the next three to five years of growth, it is not necessarily doing the region any good unless there is some means for other people to get access to that capability. An energy company puts in the capital, puts in the take-off, and all the equipment—which other people could use—is there. But they cannot, because there are carrier restrictions in one way or another. There are market restrictions at the moment.

There are some real barriers to university, government and business aggregation. The Queensland government, for example, is presumably going ahead with its SmartNet arrangements to allow Queensland government departments access to a better deal, no doubt, than they can get at the moment. But they cannot collaborate with us, because we are across the border. We cannot go into their deal; they cannot come into our deal. When you look at it on a city-by-city, town-by-town basis—Innisfail, Ingham, Mareeba, Atherton; all the places around with a capacity of 10,000 to 20,000—none of those communities can gain at the moment. And none of us can guarantee that in all of those smaller places we have sufficient demand to persuade Telstra, an energy company, Optus or anybody else to invest. At the end of the day, prices stay very high, even though a lot of the capacity is in the ground already. From an individual carrier point of view, they say, ‘Show me five years of growth in demand and income coming in.’

CHAIR—You said you have about 3,000 students in Cairns. How many of those would be fully funded government positions?

Prof. Wainwright—A very high proportion. We only have about 150 overseas students. We would have a sprinkling of full fee paying students at the postgraduate level, but I would say 90 per cent of those are probably HECS based students. One of the issues in this region is that the average family income is really quite low. Many of our students have problems paying for an ISP for a dial-up connection, let alone a broadband connection, even if it is available. It is just out of their range.

CHAIR—Do you think broadband capacity has made it more difficult for JCU to provide full university services in competition with some of the bigger universities?

Prof. Wainwright—I think it is restricting some of our research areas. In terms of the students and teaching, it is not doing so to a major extent. We simply do not try to do online delivery in some subject areas where we know that we have a lot of students sprinkled through the Cape and outside the cities of Townsville and Cairns, because we know that we just cannot deliver material to them online at any reasonable speed.

Senator MOORE—You answered my first question in your comments about being able to share capacity. I was hoping that the concept of Telstra having to input large amounts of equipment to provide the service to the uni could help other people, but that is actually precluded by the contracts. Is that right?

Prof. Wainwright—It is at present. I think one of the real challenges is to find a regulatory environment that maintains real competition in those areas where there can be real competition, such as capital cities, but that allows some kind of brokered aggregation into the smaller areas.

My view is that—and I may be wrong, because the technologies are changing and I am not sure how broadband wireless is going to affect the ball game—broadband wireless is clearly going to make a difference, but, like everything else, all the early implementations are in Sydney and Melbourne. They are not going into Atherton and Mareeba and wherever—smaller places where you might be able to have an economic wireless broadband roll-out. Leaving that to one side, I think it is unlikely that it is going to be cost-effective in many parts of Australia to duplicate the actual infrastructure. So the aim is really to try to maintain a competitive regime when you have only a single infrastructure. My answer is to split Telstra between the infrastructure and competitive services running over the infrastructure, but that is easier said than done. I have maintained that for years, but I do not think it is going to happen.

CHAIR—There was going to be an inquiry into that.

Prof. Wainwright—There are other views on the topic.

Senator MOORE—You said earlier that in the next round of extension you would be putting effort into extending your broadband coverage and sharing with other people their high computer facilities. What kind of arrangement would that be and what would you be sharing?

Prof. Wainwright—Essentially, what we are trying to do is an extension of what we are doing now with Central Queensland University, Southern Cross University, the University of Southern Queensland and the University of the Sunshine Coast. Southern Cross is in New South Wales, so the process does go over the border. We are working with all the regionals around Brisbane and Queensland. We have guaranteed Telstra a certain flowthrough of funding to persuade them to invest in equipment in each of the towns and major sites concerned. The equipment that they put in, technically, can be grown up to 155 megabit. Beyond that they do not have the equipment. In the deal that we did, they invested in equipment that would allow most of those sites to grow up to 155. That would be at a price but would, nevertheless, probably be affordable.

The next round is really for them or probably a competitor to invest in fibre all the way up to Cairns, in the end, and to Townsville, in the first instance, later this year and then to invest in the take-off equipment. What we are negotiating at the moment is who pays for the take-off and whether we can get the company to do most of it. They would like as much of it as possible to be done by the universities. There are significant costs in these tails, as they call them, from the nearest point of take-off on the fibre. Even if we got another fibre into Cairns here, it would probably cost us \$300,000 to get it from town out to our site. Multiply that by Townsville then Rockhampton and Gladstone and you are talking about some fairly significant tail costs in going up to the sorts of bandwidth that we are now looking at. We have investigated alternatives. We are looking at fibre, microwave or whatever. It is still probably going to cost us about that.

Senator MOORE—What exactly are you sharing there?

Prof. Wainwright—We are basically sharing line capacity. But, on the other hand, the infrastructure allows a lot of other things to be shared. We can share all sorts of things. It may lead to sharing content, for example, which I would like to see. Not everybody agrees with me, but I think there is the capability for students who are in Cairns and who are always going to be

limited to the number of subjects we can offer here to do a couple of units from Central Queensland University and a couple of units from the University of Queensland. We would take them into our course so that we could gradually improve the range of options that could be delivered into small places like this by sharing online learning facilities. That could be backed up with some videoconferencing facilities. With the sorts of facilities we now have, there is no reason why our students cannot sit in on a lecture at the University of Queensland—or California for that matter. It is just a matter of having administrative arrangements to put together those different packages of programs. The technology, in a sense, underpins a whole lot of other possible sharing which is much more important than the technology, but at the moment we do not have the bandwidth to do that.

To be fair, capital cities are not much further ahead, but things like GrangeNet, which is the next extension of AARNet and links Brisbane, Sydney, Canberra and Melbourne, mean they will go up to a 10-gigabit link between Sydney and Melbourne and a 2½- or five-gigabit link, I think, between Sydney and Brisbane. With that sort of capability, which is about 100 or 200 times the kind of capacity that we have, you can do a whole lot of things.

Senator MOORE—And it is limited to the south-east?

Prof. Wainwright—To that triangle, yes.

Senator MOORE—Can a student on one of your campuses access the Internet in the library free of cost? If I were at, in particular, Cairns or Townsville, could I use the library Internet facilities for free?

Prof. Wainwright—Yes, once you get there, but no in the sense that, if you are a student at home, you have to have an Internet service provider. Competition between the basic dial-up Internet service providers in this area is not too bad. There is reasonable competition—

Senator MOORE—In the cities.

Prof. Wainwright—so they can get it. Our staff have access through the Telstra service Dial IP, which means that if you are in what they call a zone 1 area—which includes all of Cairns and Townsville, and Atherton but not Mareeba or Kuranda; there are some really strange things—it costs you 80c an hour if you are lucky. If you are unlucky, it could cost you anything between \$3.08 an hour and \$6.60 an hour, which starts to get pretty expensive for a student.

Senator MOORE—It is a big difference—a very big difference.

Prof. Wainwright—It is a big difference in cost, yes. It is one of these strange pricing things. Telstra simply deems certain zones to be zone 1, others to be zone 2 and others to be zone 3, and you get a big kick-up in costs for those dial-in services each time. It works well. Like most Telstra things, the technical quality is good.

CHAIR—What has Mareeba done to Telstra?

Prof. Wainwright—There is no logic to it. Telstra would say that they have to make business decisions about where and in what order they roll out, and they have not got to Mareeba or

Kuranda yet. As you would expect in Cairns, almost all of our students, if they are not actually in Cairns, come from Mareeba or Kuranda. Atherton being further away, we have far fewer students who come in from there. So it is an illogical provision of services at the moment, from our point of view, but no doubt logical from theirs.

Senator TCHEN—You gave a very diplomatic answer to the chair’s question about how the limitation of your access to bandwidth might disadvantage your delivery of services. But when it comes down to high-tech, it does disadvantage your students quite considerably, doesn’t it, particularly compared with metropolitan universities?

Prof. Wainwright—It does. I think the problem for smaller universities is the range of services that we can provide to students. The range of disciplines, subjects, library books and everything is more constrained in a regional university. When you are on a regional campus of a regional university, as Cairns is, everything is harder to offer because you do not have the economies of scale. So from the community point of view, at the end of the day, unless we are able to use new technology to improve access to direct class type activities—whether they are online, videoconferenced or whatever—and more particularly the information resources that back up the process of study, then there are going to be serious limitations.

Having said that, we have been able to significantly improve the range of information resources available to our students. For example, we teach law in Cairns. I do not believe we could possibly have taught law five years ago. Today it is possible—with some difficulty, but nevertheless it is possible—to teach law to a reasonably good standard in Cairns because of the availability of online law resources. We can get access to all the Commonwealth legislation, state legislation and a reasonable range of the major law series of things and so on, so it is possible to do it in a way that would not have been possible before.

There are a number of other subject areas in this regard. It is not equally good across the board, particularly if you are teaching in the humanities areas. But if you are looking at science, engineering generally and those sorts of disciplines, you can provide immeasurably better access in a place like Cairns or Townsville than you could even three or four years ago. So it is improving and the more that we can roll out this underpinning technology, the more we are going to be able to do for a wider range of students in regions like this. But it does depend on high-quality services. It requires two things: good high bandwidth to the university sites that are reticulating these services; and reasonable, affordable bandwidth into the smaller towns in particular around the region and in general to the home, workplaces and so on. Those are the two critical things.

Senator TCHEN—Where would you say most of the support for this improvement came from? From which government portfolio: mainly from education—from DEST?

Prof. Wainwright—My university has received reasonable assistance from DEST, which has enabled us to be a little more equal than we might otherwise have been. The nature of the higher education business in responding to students who are time poor—particularly initially mature age students and more now the younger ones as well—in just having to change their way of operation has forced changes from inside. If you look at the way in which universities have spent their money over the last 20 years, there has been a huge internal shift of money moving into information technology support in one kind or another, which has been providing internal

infrastructure. We are investing very heavily, for example, within our campuses—we put probably \$1 million into videoconferencing recently. We are rolling out more and more workstations on campus. We are starting to put in wireless links and upgrading the capacity of our campus networks and so on. Very little of that has been helped directly over and above the normal operating grants to the university. It has simply been seen by the university that it has to do that, if it is going to provide students with the kinds of services they expect. They have come up through schools using the Internet and computers all the time.

There have been changes to the way in which education has been delivered and there have been internal decisions to invest more money in that area. But having said that, there have been quite a number of ways in which DETYA, as it was—and now DEST—has assisted universities, particularly regional universities, to equalise a little. We certainly do not have all the facilities that some of the bigger universities have in the capital cities but, nevertheless, we are not so far behind. In one or two areas, because we have given it more impetus—and I would argue videoconferencing is one—we are probably ahead of the capital city universities.

Senator TCHEN—James Cook would have a sizeable number, relatively, of Aboriginal and Torres Strait Islander students. Do you get any support for that kind of education area?

Prof. Wainwright—There is extra Commonwealth funding through DEST for Indigenous students over and above the normal per capita allocation that comes essentially for all students. There are special Indigenous funding schemes of various kinds which assist universities to provide a greater level of support for Indigenous students. There are obviously some schemes, which you will know about, that assist at the student end in getting them to university. The growth of Indigenous enrolments in universities is disappointingly slow. That is a personal view. In saying that, the growth of Indigenous enrolments at James Cook University, while it is there, is disappointingly slow.

The problems of why that is so have to be addressed well before those students come anywhere near university. Although we do have all sorts of special transition support schemes to enable Indigenous students to transit more easily into degree courses and so on, you still have got to have the people coming up in sufficient numbers for those programs to be helpful. The battles have to be won at the school level before there is going to be a significant increase in the number of Indigenous students, even in a region like this, where there is obviously a high proportion of Indigenous people. We are trying to work with schools to do that, but it is really at that level.

Senator TCHEN—Do you allow schools associated with you to gain access to your facilities?

Prof. Wainwright—Yes and no. School students can come onto the campus at any time; they can use our library at any time; they can probably negotiate successfully to have access to some of our computing facilities. We have some special arrangements with some schools—for example, Smithfield High School, which is virtually across the road, where there is a much higher degree of collaboration going on. As I said earlier, we are not permitted to simply run a big cable from Smithfield High School, just across the road, onto the campus so that they can have access to our broadband capability, and that seems to me to be a shame. Even if there were some general carrier restrictions, it seems to me to be highly desirable that some of the special

connections that universities can have with the TAFE institutions and the schools around them could be accepted.

Senator TCHEN—Does James Cook University have much interaction with the TAFE sector?

Prof. Wainwright—We have quite a number of articulation arrangements with the TAFE sector. The outstanding one at the moment would be the tourism and hospitality area, as you would expect in Cairns. We have fairly heavily meshed TAFE and university courses in that area. We have a number of others as well, mainly in the business related area.

Senator TCHEN—Some of the issues you experience as a regional university are probably shared with universities such as Charles Sturt. Do you have much exchange of information with them?

Prof. Wainwright—No; not as much as some people would like.

Senator TCHEN—Does that include you?

Prof. Wainwright—Yes, it would include me.

Senator TCHEN—They have very much the same problems.

Prof. Wainwright—The problems are very similar. I think there is some merit in the regional universities being able to work together more closely in a range of ways.

Senator TCHEN—We seem to find the same thing among regional councils and other regional organisations. I want to ask a question which is slightly out of left field for this inquiry. This committee is conducting a concurrent inquiry into using public library facilities as a means of providing public access to the Internet. I notice, Professor Wainwright, that you have a long history in the area of libraries. Could you give us some thoughts on that? I notice that you will not be giving evidence later.

Prof. Wainwright—It seems a long time ago now. I think somebody from James Cook University will be appearing later in the afternoon, and I am sure she will go full bottle on these issues.

Senator TCHEN—Our terms of reference are:

The role of libraries as providers of public information in the online environment, having particular regard to:

- (a) the current community patterns of demand for public information services through libraries ...
- (c) possible strategies which would enhance the wider use and distribution of information resources held by libraries ...
- (d) the use of libraries to deliver information and services over the Internet to more effectively meet community demands for public information ...

Prof. Wainwright—Building on something that I have said, if we can get the regulatory environment right, it is possible for universities in the regional areas, in particular, to serve an aggregator role in a whole lot of different ways—and I would put online libraries in that category. For example, we subscribe now to about 10,000 journals in electronic form. We have never had more than 4,000 in print form; we now have 10,000 electronic ones.

If a member of the public comes onto our campus, they could walk around our library and probably be quite disappointed by its size in the traditional sense, because it is not a big library in terms of print, but we have this huge hidden resource of electronic material—which we cannot offer the local public access to, for two reasons. Firstly, as I said before, they are precluded from access to our computer facilities for reasons which have to do with AARNet as a carrier. Secondly, even if we clear that one up, the licence arrangements that we have with the publishers and providers of these services preclude public access to those facilities. Both of these are difficult problems, but they have been solved in some countries, at least partially. It is not impossible for us to negotiate access to an electronic library service of 300 journals for all ratepayers of Cairns. It would be not easy, but it would not be a big deal, because the publishers know that, for many of these things, the public demand is not all that high. For those people who do need it, it is terrific.

We could—and, in my view, we should—act as a point of presence for access to the wider electronic world. If they were given a bit more support than regional universities have traditionally received so as to play that public role more strongly, even though they have tried very hard to play this role, I think there would be an incentive for universities to take a direct line. But, unless we can overcome those two barriers, it is not go to happen. So I think there is an enormous potential for regional universities in particular—and they are spread all over these towns now, right through Australia, in a much broader way than used to be the case—to play a much bigger community support role in the library services area.

Senator TCHEN—Would a public library face the same problem of limitation caused by licensing agreements?

Prof. Wainwright—Public libraries have much more difficulty negotiating licence arrangements. We can go to a supplier and say, ‘We have 10,500 students and 1,000 staff,’ and they feel comfortable. They know that there cannot be more than a certain amount of access. A public library, even in a town this size, says, ‘We have 100,000 people and we really have no idea whether they are going to use your service a lot or not.’ The publishers and aggregators are trying to maximise their total income flow, and they are much more doing nervous about doing it for public library type institutions. However, as the licence market matures, they are getting a bit more bold than they were originally, so it is becoming easier for public libraries to negotiate the kinds of licence arrangements that have been more typical in the university and educational sectors, even though it is a bit fuzzier from the supply point of view.

CHAIR—Thank you very much for helping the committee this afternoon. Your evidence has been much appreciated, including your evidence on the reference which we will be hearing this afternoon. Thank you for your contribution.

[2.11 p.m.]

BARTON, Ms Lee-Ann, Information Communication Technology Curriculum Officer, Townsville Catholic Education Office

CHAIR—Ms Barton, thank you for giving us your time today. It is very much appreciated by the committee. The committee has your submission before it, which it has already published. Would you like to make any alterations or corrections to your written submission at this stage?

Ms Barton—No.

CHAIR—Excellent. The committee prefers all evidence to be given in public but should you at any stage wish to give your evidence, part of your evidence or answers to specific questions in private you may ask to do so and we will consider your request. You are reminded that the evidence given to the committee is protected by parliamentary privilege. I also inform you that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. I invite you to make an opening statement before we move to questions from senators.

Ms Barton—I will go over the submission briefly and highlight the aspects that are important to us. Firstly, the whole mission of the Townsville Catholic education diocese is to provide service to our Catholic school communities, support them in achieving quality outcomes for students and promote ongoing development for our teachers and the community as a whole. We have 40 schools in our diocese and two other schools which are part of the Christian Brothers; they are called religious institute schools. We have the largest region in Queensland when it comes to Catholic dioceses. We cover the northern region, which is the Ingham area; the Townsville region; the southern region, which is the Bowen, Collinsville and Proserpine area; and the western region, which is the Mount Isa and Winton area.

The diocese has a vision when it comes to information technology and our schools. The statement I made in the submission is that Catholic schools of the future in the diocese of Townsville will be a community of learning that provides quality, relevant, holistic education. Very importantly, the promotion of lifelong learning should be and is a major goal of Catholic schools, and our schools are open as learning centres for the whole community. So we are talking beyond students and teachers—we talk about the whole community when we talk about our schools.

We have a shared vision, and we are all very clear on what our shared vision is when it comes to ICT: it is to improve student outcomes through the effective use of ICT for both teaching and learning and to support progressive transformation of schools—that is, the culture and the practice—within the community. Equity of access is a very important issue for Catholic schools, and for ICT it is just as important. We need to ensure the goals of the curriculum drive the choice of ICT. When we look at ICT, we look at the curriculum first. We need to ensure substantial and continual investment in infrastructure, professional development and the curriculum and make sure that it is well founded and fruitful.

Teachers, parents and the community are very clear on that shared vision. But in order to turn that vision into reality there need to be some significant changes. We have some key issues that we are addressing in this office right now through our new ICT diocesan plan, which is in the process of being implemented. One issue is connectivity. We would like all our schools to be connected with fast broadband services. Connectivity leads to online resources, which are very important for our diocese given the tyranny of distance. Online learning is another aspect that could diminish the problem we have with our remote schools.

The key issues are obscured by the connectivity aspect, which is not allowing us to deliver online learning or to provide online curriculum resources sufficiently. The obstacle under connectivity is the access to fast bandwidth. High-speed broadband to all our schools and community, especially our rural and remote schools and parishes, is something we do not have. We are starting to put in satellite dishes, because that is the only way we can actually deliver some service, but it is not the option for the level of service we need in our remote and rural schools. What we need is fast ADSL or frame relay.

The cost of fast bandwidth is very high. Frame relay access is really all we could provide in 15 of our schools. In our schools where there is ADSL, direct access is available but the cost to install it and the monthly costs are very high. It is something that we cannot sustain, and we have valued it at \$500,000 a year for rental fees. That is the next issue: the cost of rental. A known provider has provided an estimate to our diocese for our project, and this quote is for an annual fee of \$399,500 for ADSL and/or frame relay to be installed in our schools. This does not include the monthly usage fee or any other ongoing fees. That is just the rental fee.

Why did we make this submission to the Senate inquiry? We would like to be able to offer online resources and online learning, but connectivity is not allowing us to do that. Our diocese has found the costs of the Internet connection service to our schools, staff and community are very high. Our ICT plan has almost come to a halt. We cannot go any further; we cannot reach our goals. We appeal for some changes to occur with costs and access to telecommunications services in our schools. There is a need to have some subsidisation or reimbursement of funds to help us to achieve for our students the ultimate goal of a quality, relevant and holistic education.

CHAIR—Thank you very much. That was very helpful. You indicated that you are looking at a frame relay system. Would you briefly take me through what that means?

Ms Barton—We have an ICT plan in place. When we were developing this plan we had a vision of our schools having a phone relay to their door from the Catholic Education Office. We would have larger bandwidth at Catholic education. The whole concept is that data that passes through our schools goes through frame relay, or ADSL—whatever can be available to us at a decent cost—to create a Catholic education Internet cloud.

CHAIR—I still do not quite know what frame relay means. Is that just plugging into the PTSN or something?

Ms Barton—It is just faster access than ADSL. It allows us to control the burst of data that goes through. It is just another medium of communication.

CHAIR—Is that done through satellite, or through the normal fibre optic cables eventually?

Ms Barton—Fibre optic cables.

CHAIR—Right.

Ms Barton—Someone may be able to inform you further on that. We have technicians here that have advised us on all of that. The known telecommunications company uses it frequently with many other businesses.

CHAIR—Would that be supported by the current Telstra infrastructure at all?

Ms Barton—Yes; they are the people I am talking about.

CHAIR—So other businesses—

Ms Barton—Telstra is the telecommunications company that has been advising us.

CHAIR—Right. And other businesses in these towns would have a frame relay access system in place?

Ms Barton—Yes. The Brisbane Catholic Education Office have frame relay in place for their schools.

CHAIR—What does that mean at the school end? Do they have some sort of internal cable system? What do they have?

Ms Barton—It is just like plugging ADSL in; it is just a different medium. Just think ADSL but faster and more controlled. You can push six megabytes through the pipeline at the one time, so it is great for video streaming and videoconferencing. That is what people are putting for videoconferencing if they are serious about that sort of medium.

CHAIR—You have indicated that satellite is not an option for the level of service you are talking about. Have you looked at the various other options—microwave, shortwave and so on?

Ms Barton—From Mount Isa to Townsville—

CHAIR—Yes. I presume the distances are too long.

Ms Barton—Yes. The options are really ADSL or frame relay. Telstra has designed a model for us—a very sound model but a very expensive model. They have given us alternatives, and an alternative would be satellite. But in giving us those alternatives they also have indicated that satellite is not suitable for our purpose. Our purpose is not any different from Education Queensland's purpose or any other—

CHAIR—How does Education Queensland link itself up, do you know?

Ms Barton—They are starting to put in place what they are labelling EduNet. They actually have a name for it.

CHAIR—A very imaginative name.

Ms Barton—Anna Bligh told my director only a fortnight ago that we could have the option to piggyback on it, but it is just words at this point.

CHAIR—This is up to you, but would you be able to provide the committee with a couple of pages of an outline of what your frame relay proposal would look like or what you want.

Ms Barton—Yes, we have it all documented and ready to email at any time. We have a structured plan for frame relay. It is not totally relying on frame relay; ADSL really would be satisfactory, of course.

Senator TCHEN—Thank you for your submission and your evidence to the committee. Your comment that satellite is not an option is based on advice you have received; is that right?

Ms Barton—Yes, and from our technicians in our Catholic education offices. We have addressed this to five of our offices—which makes up our total diocese—that have very well-informed technicians.

Senator TCHEN—Are your 30 schools mainly in the major centres or are they in remote areas?

Ms Barton—No, they are in Winton, Mount Isa, Proserpine, Collinsville, Halifax-Trebonne—which is the Ingham area. It is a very wide area.

Senator TCHEN—You provided a map for us in your mission statement and there are 13 towns indicated. Your schools are all in the 13 towns, is that right?

Ms Barton—No, that was just an indication.

Senator TCHEN—You have schools in smaller settlements than these?

Ms Barton—We have a school in Winton, we have three schools in Mount Isa, one in Cloncurry, Collinsville, Proserpine and Bowen. Some of the schools are mentioned on that map but not all of them.

Senator TCHEN—The reason I ask is that I still cannot get my mind around the fact that you have been advised by the providers that satellite is not an option for you. Usually, I would have thought that most of them are trying to persuade you that whatever service they can provide is actually the best service.

Ms Barton—I have it in writing, and I can send that to you. Believe me, Telstra have been working very closely with us to try to help with our issues but they understand that their costs are outrageous.

Senator TCHEN—Yes. You mentioned in your submission that a lack of access to bandwidth is an obstacle to learning in the Catholic education system. Can you give us some examples of online learning that Catholic schools engage in and the difficulties you have experienced.

Ms Barton—One of our schools, Cloncurry, has recently been given the opportunity to be a trial school for the Learning Federation's learning objects. This is a Commonwealth initiative—I am not sure whether you have heard about it—in which \$5 million is being invested in creating learning objects for our schools. This school is unable to deliver those learning objects online to their students, simply because the satellite dish, which we are in the process of putting in for them, will not deliver this multimedia to the desktop for the students to work with. It is actually limiting the opportunity to trial this Commonwealth initiative. We do not have the opportunities of access and equity of access when it comes to bandwidth. We have to get them burnt onto a CD and sent to the school so that the school can be part of the trial. Ultimately, that is not what the Learning Federation wants to achieve. It wants to achieve online learning and online resources any time, anywhere. But the limited bandwidth is just not allowing us to achieve that.

Senator TCHEN—Are there other similar types of problems as well?

Ms Barton—Centrally, we would like to be able to deliver a lot of these multimedia type resources, or even just simple multimedia type resources, to our students—and our teachers, for their professional development—out in those areas, but there is no facility. We can provide it all here—we can provide the infrastructure and the resources—but the connectivity and bandwidth is the problem. It is just not fast enough and does not have the capacity to send large files from A to B.

Senator TCHEN—How well are the communities in which these schools are located connected in terms of Internet?

Ms Barton—If I drive through the town of Winton or Hughenden I notice, and you would too, that there are satellite dishes there. People are installing satellite dishes, because, firstly, that is obviously the only option and, secondly, they do get a subsidy for satellite. But they can only afford one-way satellite, so they still have to dial the other way and that causes a restriction. If you want two-way satellite, it then becomes very expensive and the subsidy does not apply.

Senator TCHEN—It occurs to me that, learning through a school, particularly for children, is a very important way to learn to use the Internet. If they are not actually able to have interactive access through the school, it means that quite often they actually miss the opportunity of learning it, because their families probably would not have that facility either.

Ms Barton—Yes. At the moment, due to many factors, those communities are quite poor communities and they do rely on our schools. Catholic schools, as they are, have a lot of students who do not pay fees. Therefore, our services are free in those remote areas. So they do rely on the school to expose their children to some form of connectivity.

Senator TCHEN—Quite a high proportion of your students would be Indigenous students, wouldn't they?

Ms Barton—That is true, especially around Mount Isa and all of the western region. Palm Island is totally Indigenous. In the Charters Towers area and down south in the Collinsville and

Proserpine areas there are a number of Indigenous students as well. Actually, our Indigenous unit in the office is quite large in order to service those people.

Senator TCHEN—The committee has heard a great deal about Telstra landlines being prone to delay or damage or loss of quality after flooding, heavy rains and electrical storms. I think the term is ‘mass service disruption’. Can you tell me whether your school system has experienced that sort of thing?

Ms Barton—Yes, I am out there all the time in schools and the occurrence of loss of power to the schools is very frequent.

Senator TCHEN—That is loss of electrical power?

Ms Barton—Yes.

Senator TCHEN—What about telephone service?

Ms Barton—Yes, I was just about to get to that. The telephone services in the Hughenden, Winton and Mount Isa areas can be intermittent. When using the Internet with students via a dial-up connection, we often find that it can work one minute and then not work the next. Teachers who do not understand become very frustrated as to why that is happening. The ISP, the people that provide the service to the Internet, cop the abuse when it is actually the telecommunications aspect that is the problem.

Senator TCHEN—In your experience, how long does it take Telstra to fix those problems?

Ms Barton—I do not know the answer to that.

Senator MOORE—I just have two questions to ask. You mentioned two very large figures in your opening comments. Can you give those to me again and just explain what they are?

Ms Barton—The first figure was \$399,000—so almost \$400,000. This is the annual rental fee quoted to us from Telstra for ADSL and/or frame relay. That was the annual rental fee just for those services, and that was to allow installation in 30 of our schools; it did not even include our services at the office. That did not include the monthly usage fee of \$100 or \$200, whatever it would be, for each school or any ongoing fees which could be for updates or upgrades.

Senator MOORE—So that is just for getting things on and the annual rental for keeping them on.

Ms Barton—That is right; that is just for rental. Rental is probably our biggest concern because it is ongoing—one-off costs do not concern us as much as the ongoing costs. The second figure I mentioned was \$500,000—I think those two figures were related.

Senator MOORE—So there would be the installation stuff but that recurrent figure of around four hundred grand to maintain usage in the schools is your big concern at the moment.

Ms Barton—Yes. We are looking to have some sort of subsidy on that.

Senator MOORE—I know it is difficult to talk about budgets, but what percentage of your budget would four hundred grand a year be?

Ms Barton—When they were presented with this document a lot of our principals were equating it to teachers, books and resources. So for a small school of 39 students it is just not equitable. For us as a diocese—and looking at things like LOTE teachers—that would be one LOTE teacher in every school or one teacher in every school.

Senator MOORE—So that is kind of a comparison. The other thing you said was that there was the possibility—at this stage just given verbally—that, particularly where the regions overlapped, you would be able to piggyback on the existing state system.

Ms Barton—That was a statement made by Anna Bligh only two weeks ago when she was in Townsville. She had a talk with our director and he mentioned piggybacking. She then used that word to say that we may have an opportunity to piggyback on the EduNet in instances where the school is more or less across the road from a Catholic school.

Senator MOORE—That would be a significant number of your schools, wouldn't it? I know the region, so I think in most places that could be a possibility.

Ms Barton—Yes, but in the past we have been verbally promised things and they never actually eventuate. That is always our concern.

Senator MOORE—That particular commitment, verbal as it is, would be only for the Townsville one, because it seems to me it is the kind of thing that should be done at the state level rather than diocese by diocese.

Ms Barton—That is correct.

CHAIR—Thank you very much for your evidence this afternoon. It has been very helpful to the committee, and I look forward to receiving a little bit more information on your frame relay proposal, because I thought that sounded quite interesting. Thank you very much for your time today.

Ms Barton—I understand that you will contact me so that I can email you that information.

CHAIR—The secretariat will be in contact with you, yes.

Ms Barton—Thank you very much for giving me this opportunity.

[2.44 p.m.]

ROGERS, Mr Garry John, Industrial Officer, Postal and Telecommunications Branch, Communications, Electrical and Plumbing Union

WHITE, Mr Paul, Branch Secretary, Postal and Telecommunications Branch, Communications, Electrical and Plumbing Union

CHAIR—I now welcome Mr Paul White and Mr Garry Rogers from the Communications, Electrical and Plumbing Union. Thanks for your time today; it is very much appreciated. The committee prefers all evidence to be given in public, but should you at any stage wish to give your evidence, part of your evidence or answers to any specific questions in private, you may ask to do so and we will consider your request. You are reminded that the evidence given to the committee is protected by parliamentary privilege. I also inform you that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. I now invite you to make an opening statement before we move to questions from senators.

Mr Rogers—Thank you. Based upon the information which we have received from our members, who are the employees within the telecommunications industry and, specifically, Telstra, the CEPU is advocating here today that the network in not only the Cairns region but the Far North Queensland region is in a dismal state of repair. I know we have seen some media hype recently regarding gunge and various other aspects of the copper network which are actually creating an increased fault rate as we speak. Cairns over the last two weeks has received 16 inches of rain, from what we have been told. As a result of this 16 inches of rain over the Easter period, the fault rate has gone up to five times the normal fault rate for this region. From the information which we have received, the fault rate originally, about a fortnight ago, was 40 to 50 faults per day coming in to Telstra from customers in the Cairns-Atherton-Mossman region. Today, as we speak, it is up around 240.

The CEPU advocates that one of the main reasons why the network is in such a state of disrepair is the job cuts this region has seen, not only over the last two years but since 1996 when privatisation was first begun. Secondly, the introduction of a gunge style of CAN 2000 into the network back in the year 2000 is actually decimating and diminishing the quality of the network in this region. Furthermore, with the advances of technology and things along those lines, the copper network is the backbone of ADSL and other high-speed data products in this region. The satellite dishes which our members have been installing are still a secondary network. The primary network in this region is still the copper network. Once again, I would like to advocate that while this copper network is breaking down the use of not only telephony products but also data products is being hindered.

Mr White—I will just add to that. We have seen Telstra, in this region and in every region of Queensland, gut their work force for the sake of the corporate share dollar. Notwithstanding that, our members, back in the pre privatisation, deregulation days, were always committed to customer satisfaction, committed to getting the job done and committed to whatever work they had in front of them at the time. Since that time, we have seen Telstra go down the path of deregulation and privatisation with whatever help they had from the government of the day. It

has had an impact on our members, who are the staff of Telstra. It has impacted badly to the point where, in the Cairns region, from figures that we have seen you could estimate that they have probably downsized by 60 per cent the work force they had when they initially started with the privatised, deregulation theories. That has impacted widely across not only the community but also the Telstra work force.

Just today, I was contacted by one of our members, and Telstra was going down this path again pre end of 2002-03 budgetary figures, which are to come out to show whether Telstra has made a profit and has the capacity to deliver some sort of dividend to the shareholders out there. The mums and the dads are the majority of the shareholders, I believe. It was the mums and dads who owned this network in the past.

We are looking at an area in Far North Queensland where there is highly predominant rainfall. As Garry has previously stated, just recently over Easter the rainfall was high. Because there are not enough Telstra staff on the ground, our members have to travel. They do a lot of windscreen time just to help out in regions—Cairns is one of the regions and Atherton Tablelands is another—that do not have enough communications fieldworkers on the ground.

This is a problem for our members, probably because of the time they put into travelling to and from their homes and workplaces and also the stress that is put on them because of the workload they have in front of them in that it seems to be endless. If they are not fixing faults in their own towns like Innisfail or Tully—which is the wettest place in Australia, I believe, and they have a gumboot or something there as a monument to that—these people are leapfrogging out of their own towns to problem places like Cairns after the work force in Cairns was gutted some years ago. It was gutted to the point that now there are not enough workers on the ground fixing faults in Cairns. Installation has been contracted out, and we see that as a given—Telstra want to move to full privatisation and full contracting and that is their game. But we are saying that while it is in a combination of public and private hands our members are being totally compromised by the theories that are around at the moment.

Today in Innisfail and Tully, for example, workers from Innisfail and Tully were brought together in the Innisfail exchange and given a brief to say that out of the two depots seven had been targeted and, of the seven, two will go. These are field technicians that are out there dealing with these faults day in and day out. These are field technicians that not only work in their own towns of Tully and Innisfail but also leapfrog into Cairns to backfill here because there are not enough people doing this job in Cairns. So that is a real problem.

At the same time, we have got this cable joint I have here in front of me. We are going to do a field inspection this afternoon but we thought we would bring this along and show you what we are actually going to see live in the field. It is as Garry said about trying to throw high-speed data across this—this is an absolutely typical example of what is out there and what we are trying to repair and also of what Telstra are saying does not exist to the point of saying, 'We will fix the hot areas when we get notification of hot areas.' I will tell you this: everything is a hot area because of the 3M product that they used, which they forced onto our members to the point that if our members did not put this product into these joints they would be sacked. That was the bottom line. They would have their paper trail all the way through to the sacking but the thing was that standard operating procedures said that they had to put this stuff in.

Six to 12 months after they were applying this product, our members were saying to Telstra, 'There is a problem with this product.' Telstra, in their wisdom, said, 'No, there is not a problem with the product; there is a problem with you guys. Just get out there and do it.' That is not the case; there is a problem with the product. It reacts to water—it reacts badly to moisture and, of course, in high-density, monsoonal areas like this it will react. But it is also reacting in places like Brisbane, which are not as affected by monsoons as north Queensland. It is also reacting in other parts of Australia where they have used this product.

Senator MOORE—What exactly are we looking at? It is very attractive, but it could be anything!

Mr Rogers—I will be pointing out to you the exact breakdown of what this cable joint has in it.

Senator TCHEN—Is it still marked 'property of Telstra'?

Mr White—It is not; it has been dumped.

Mr Rogers—It is just what we found in the garbage bin!

Senator TCHEN—That is fine; I just do not want it to be presented.

Mr Rogers—Basically, what we have here is evidence which we are going to leave with you, and you can touch it and feel it and do all those things with it. It is a cable joint. It is what is known as a 30-pair cable joint. It is based upon there being 30 wires to one cable. There are 60 wires all up and so there are 30 pairs. The problem is that down the bottom there is 3M encapsulant. This entire joint had that 3M encapsulant around all the wires and conductors and joiners. While it was sitting in the ground, water actually got in through cable or was already in the cable when the encapsulant was poured in there. Because of the voltage going through wires continuously as well as the humidity and that water, each of the conductors has gone bright green. That is called electrolysis.

Senator MOORE—And it should not have done that?

Mr Rogers—Absolutely not.

Senator MOORE—A healthy one does not look like this.

Mr Rogers—A healthy one looks nothing like this.

Senator MOORE—You should have brought a healthy one.

Mr Rogers—Sorry!

Senator MOORE—That is a sick one.

Mr Rogers—A very sick one. One of the other problems is that, as the electrolysis begins at the exposed wires, it works its way down to below what they call the 'throat' of the joint. All

those wires become extremely brittle sitting in the ground, as you can see by the joint I have here. A Telstra field technician will get a job for a fault in this joint, so he comes out and he has a look at it and says, 'Rightio.' By way of example, I can point to a pair of wires on the joint I have here as a faulty pair. While he is doing exactly what I just did, moving things aside to pull out those two wires, he would have created another two or three faults inside the same joint. He is there to fix that one pair of wires, so he cuts that off, puts a new connector on, closes it back up and puts a pride tag on, which tells who has been into the joint.

If you have a look at the cover, it shows the dates and the people in this region who have gained access to the joint I have here. This joint was cut out of the ground within the last fortnight as a part of a remake for that part of the CANs. This was the bad joint, as we have already discussed. That will give you some idea how many times and over what sort of time frame this joint has been accessed by Telstra field staff in the past two years. I would like to leave this joint with you so that you can poke it, prod it or do anything you like to it.

CHAIR—We cannot accept it as an exhibit.

Senator TCHEN—It has already been discarded and is not part of the facility anymore.

CHAIR—We have been advised that it was taken out of a bin.

Senator TCHEN—So we still cannot accept it?

CHAIR—We will have to table it!

Senator TCHEN—The thrust of Mr Roger's point is that here we have five service tags, three of which are from 2003. Is that right? Is that one we have here a degunked one?

Mr Rogers—That is the gunked one. The 3M encapsulant is in the bottom there where the person has broken it away.

Senator MOORE—So when they say 'gunge' is that what they refer to—the yellow stuff?

Mr Rogers—Have a smell of the gunge. See how it is a very acidic sort of smell. That is the electrolysis mixed with the 3M encapsulant which causes that sort of smell.

Senator MOORE—So in a pot it would not smell like that?

Mr Rogers—No, it has a very epoxy sort of smell to it. However, when it is starting to break down like this, it goes to a very acidic bitter smell.

Senator TCHEN—Is it habit forming! Okay, so that is what you call the gunk.

Mr Rogers—The 3M encapsulant.

Senator MOORE—When you say that you have to degunge something, what does that mean?

Mr Rogers—There is a twofold answer to that. To degunge a joint would be to break away all that 3M encapsulant from around the electrodes. Another older meaning of degunging was where the butyl, which was used around the bottom, had to be broken away to expose the conductors or the wires. I am not too sure which meaning of ‘degunge’ you mean.

Senator MOORE—It is just that a previous witness had said, ‘Just down the street there was degunging going on.’ That was the particular term, was it not?

Mr White—It could have two terminologies—either the joint was cut and remade with another encapsulant put in, plus the housing put back on, or it could have been just taking the gunge out of the joint, if the joint was not destroyed too badly over a period of time.

CHAIR—What would be the process of properly waterproofing the network up here post 3M encapsulant?

Mr White—The process—how long is a piece of string? The product got into the network on the advice of Telstra and the product supplier—and it is not only the question of those that are working well now. I will go back to the principles of the cable. The plastic is porous—it allows water to enter and exit. The outside sheathing as well as the conductors have got individual insulation around them. Again, they are porous to a point where they allow a certain amount of moisture. A certain amount of tolerance is allowed within the network. Pushing all that to one side, once the sun comes out and everything dries out that is fine. But when those joints start heating up they will suck the water—if there is water still lying around in the cable—to the encasement of the joint. That is where the problem starts. That is where the reaction starts with the gunge—with the 3M product—that is, the moisture getting up to the top of the joint and reacting, because the voltage is presumably going through. To answer your question, Senator, I do not particularly know, sorry.

CHAIR—What is the current process for waterproofing the network here?

Mr Rogers—Going back to your original question, post gunge Telstra are actually going back. For example, for the replacement of that joint, the field staff would have gone through, cut the cable off at both ends and rejoined it. However, there was no encapsulant put back inside the joint and it would be left sitting in the uppermost point of the pit or manhole, where there is an airlock inside the cap of that joint. At this stage, it is the only thing Telstra can do. Other inherent problems as we are going around replacing these include the length of the cables getting shorter. For example, to remake the joint we are discussing, in Cairns currently—because the cables have been cut, and cut through the remaking of joints—they actually have to go to the next pit and pull the cable along to try and get enough length to pull the cable out of ground to remake it. Telstra currently are not replacing too much cable, especially the larger size, mainly because of the cost. So that is pretty much where it is at this stage.

We heard murmurs coming over from Telstra—that was via a reporter from the *Australian* after the headlines late last year highlighting Telstra’s problem with regards to the gunge. I have the article here. As we were doing the research, Mr Geoff Elliot from the *Australian* contacted me to say that Telstra—or his source from Telstra—had stated there was a delegation being sent over to Sweden to talk to a company by the name of Ricoh which made a silicon based encapsulant. To this day, we are not too sure where those negotiations are at and, at the end of

day, it is Telstra's problem. Coming back to our members, they are maintaining that the old way, which they were doing pre gunge and it looks like they are doing now, of allowing air to sit in there as a vapour lock—so when the pits flood the joint floats to the top and, as the water subsides, so comes the joint—is still the most effective way. However, maintenance still needs to be done. There is no one-off fix when it comes to the network. There needs to be a continual maintenance program.

Mr White—I will refer to what Garry said. It is a catch-22. Every time those joints are remade, the cable gets shorter and shorter in those pits to the point where they are inaccessible and unrepairable, and sections have to be replaced. If you look at the sections that have to be replaced throughout Queensland alone, I would say we are up for billions of dollars.

Senator TCHEN—This method you are talking about of putting an air pocket in, is that putting an air compressor bottle in?

Mr Rogers—No, that is where they put the lid back onto the joint. Whatever air is caught in that, they put a non-openable seal around the bottle.

Senator TCHEN—It is a static system.

Mr Rogers—Yes.

Senator TCHEN—Telstra wanted to seal their cable, even though the methodology is probably not the best. I should probably ask a Telstra representative this question, but do you know if they are trying to get restitution from the supplier?

Mr Rogers—At the time this story came out, I personally asked that question of the *Australian* reporter, and the best he could find out was that it was in the hands of Telstra's legal people. I am not too sure as to—

Senator TCHEN—There certainly seems to be a case of product fault.

CHAIR—Could you give us the date of that newspaper article and the name of the journalist?

Mr Rogers—Most certainly. It was in the *Weekend Australian* of 12 to 13 October 2002, which happened to be the weekend of the Bali bombings.

Senator TCHEN—Before the supplementary estimates! I have one quick question. Mr White, you do not happen have one of your members sitting on the Townsville City Council, do you?

Mr White—No.

Senator TCHEN—He sounds exactly like you!

Mr White—I do not believe so. My father was born and bred in Innisfail—

Senator TCHEN—No, that is all right, thank you!

Mr White—There were 12 children besides him, but I do not know of any uncles, cousins or anyone being on the council. I am an only child and I will leave it at that!

Senator TCHEN—I meant that his terminology was very much like yours. Thank you. I look forward to seeing the degunging exercise.

Senator MOORE—We heard evidence from the CEPU in Launceston last week about the capacity of exchanges in the city of Launceston and the problems of extending the network using the existing exchanges. We heard evidence this morning about problems with service delivery and expansion in Cairns and Townsville. Do you know what the exchange capacities in Townsville and Cairns are and whether in fact there is capacity for further network expansion in either of those cities?

Mr White—No.

Mr Rogers—Basically and frankly, no—not with regard to telephony. With regard to the roll-out of ADSL, which uses exactly the same sort of network, we are aware that a contractor was up in Cairns as recently as three weeks ago installing equipment to allow for ADSL expansion for high-speed data in this region. However, that will not be available for quite some months, because the next phase of that is putting another component into the RIMs, and the supplier—who is, I am led to believe, Alcatel—cannot supply the equipment to do that. So that is on the data side. Back on the telephony side, the answer is no.

Senator MOORE—There was also evidence from Townsville about RIM concerns and people located in different areas not being able to get any indication of when they could be given capacity. This is in suburbs like Annandale, which surprised me—quite central suburbs. We heard evidence that Telstra's response was, 'Not in the foreseeable future.' Would that kind of delay also be linked to capacity?

Mr Rogers—Without looking into it and having feedback from members, one would assume that that would be an exchange problem, or it could be too far from an exchange and they need to build what they call a RIM in that area but Telstra has not received enough inquiries from that region to build a RIM there.

Senator MOORE—The other thing that came out in evidence in Launceston was concern about people who work for Telstra being free to give evidence. That was a major issue, because the committee would have been very keen to talk to people who are working in the field. But we have not had submissions from people who work for Telstra—apart from the formal Telstra submission, of course. Individual workers or ex-workers have not come forward. Do you have any comments on that?

Mr White—Yes, I do. We did have people put their hands up to attend today, but—I can only go by the history of Cairns here—Cairns, to the CEPU Queensland branch, seems to be a test tube for (1) Queensland and (2) Australia in working out their industrial relations prospects on how they want to treat their staff in the future. We have won a few cases here against the Cairns management in the past on (1) unfair dismissals, (2) intimidation of employees and (3)

management trying to drive their methodologies on how they should treat their workers in the workplace. We have actually moved that and shifted that.

The relationship between the work force and the management in Cairns is at an all-time low, and I was personally loath to let them come to this hearing. I understand that there should not be any repercussions from anyone attending or submitting to this hearing, but I know what the ramifications would be back in the workplace: their life would be a misery. So from that point of view I was not prepared to let them stick their heads up out of the trenches just to get them kicked. I read with amusement on Telstra's newsroom web page a section under the heading 'Telstra's strong customer service performance continues' that states—and this amazes me:

Now we are repairing 91 per cent on time.

They mean that they are repairing the network 91 per cent on time, and even better in some places. I cannot get a grip on how they can say that. Customer service guarantees are delivered by Telstra to the customer when they cannot repair on time. But in the cases when phones are out for a week, how can they justify saying there is a 98 per cent repair rate within the customer service guarantee time? One alternative could be that if the customer owns a mobile phone and that particular number can be diverted to the mobile phone to give service to that customer that negates paying a CSG or delivering a CSG back to the customer, because it is back on in time. But the hard-wiring from wherever it may be—from the exchange to the customer's premises and equipment—is not repaired on time. The service might be there, which is good stuff, but if an individual who is a sole trader needs that mobile phone and takes that away from the house, there is no service in that house. I am just amazed at how they can move their stats around like that and get that fuzzy feeling of 'we are delivering on time with our customer service guarantees'. That probably needs another look at at the same time.

Senator TCHEN—What is your assessment of the time it takes for services to be repaired, on average?

Mr White—That would be difficult.

Senator TCHEN—Because the guarantee is two days, isn't it?

Mr White—Yes.

Senator TCHEN—But you do not believe they can meet it 98 per cent of the time. How often do you think they can meet it, anecdotally?

Mr White—I could not give you an assessment of what would or would not be, but I can relate the story of a friend of mine that lives at Golden Beach down at the Sunshine Coast, which is fairly populous—it is not as if it is the backblocks of Oodnadatta or somewhere like that.

Senator MOORE—Normanton.

Mr White—This person's physical phone in their house was off the air for 10 days. In the meantime, because he had a mobile phone, because it was not one of those prepaid phones,

because it was with Optus and not Telstra, he had his phone number diverted to that mobile phone. At the same time, he was never at the home 24 hours a day, so there was no service to that particular residence, where he was paying line rental. The call costs were the same rate as the home telephone rate. I am saying that the statistics do not add up. That is one of many cases, but I cannot get a handle on how many cases.

Senator TCHEN—I do not think Telstra is allowed to do that, actually—to divert a mobile phone and say they have fixed the service. Last night I rang my home and could not get through. Later my wife rang me up on my personally paid teleline and told me that the taxpayer-paid line was down. She reported it and was told that it takes two days to get it repaired. It happens in Melbourne too!

Mr White—It is only when it gets past the customer service guarantee that they decide to divert—when they know there is a backlog and there are not enough workers on the ground to fix the fault—and that is the case with the Golden Beach experience as well as for managers of areas around here. If they know they are not going to meet the customer service guarantee, they will divert.

Senator TCHEN—Senator Moore, I will leave you to ask any questions about MSD.

Senator MOORE—We have heard a lot about massive service disruption. From your point of view, what does it mean and when is it applicable?

Mr White—That could be rain; it could be lightning strikes; it could be floods; it could be an exchange going down because there is no power and the batteries have failed—it could be heaps of things.

Senator MOORE—So it can be anything that disrupts the network.

Mr White—Yes. In a region like this, you would think ‘massive service disruption’ could be the climate.

Senator MOORE—From your experience, is it activated often?

Mr White—Yes, in towns, regions and suburbs. For instance, there are massive service disruptions throughout north Queensland in monsoon season. If you look at Telstra’s record on letting their staff have rec leave, no one has rec leave during the monsoon season because they are preparing themselves for the worst—(1) the rains and (2) the cyclones. In respect of that, you would be looking at massive service disruption.

Senator MOORE—Is that logged in a special way? Is it possible to find out how many MSD incidents have happened in the last 12 months?

Mr White—From our point and from what our members have told us, I believe not, no. Telstra would have that information, but no, there is no specific logging that we know of.

Senator MOORE—One of the other things that we are concerned about is how you define a fault. You would be aware of the Senate estimates discussions, to which I have not been party,

but Senator Lundy and Senator Mackay have been—and Senator Tchen has been part of the process, so he understands—where there has been great discussion about the definition of ‘fault’, what constitutes a major fault and who actually rings in the fault or defines the fault. I was interested that, in your opening statement, you talked about a significant increase in the fault rate in this area over the last couple of days because of the rains. How do you actually find out the faults, and how are they defined in Telstra at the moment?

Mr Rogers—Basically, one of the areas we receive our fault rate from is the work management centre which is housed in Toowoomba, which hands out the work to all the field staff.

Senator MOORE—Is that across Queensland?

Mr Rogers—It is across Queensland.

Senator MOORE—And that is located in Toowoomba?

Mr Rogers—It is located in Herries Street in Toowoomba.

Senator MOORE—A lovely area!

Mr Rogers—Basically, they can actually pull up on a computer screen the entire Cairns region and they will have matching data up against that screen with dot points where the faults are at any point in time, including where a CT—a communications technician—or a field technician goes and repairs that fault; you can actually see on that screen the data coming back. There is a breakdown of the nature of faults from what we have been told from the work management centre. There is a special code for a gunge related fault.

Senator MOORE—There is a special code for gunge?

Mr Rogers—That has only been introduced since January 2002 so, knowing Telstra—and this is only a throwaway line—they will probably change the name of it shortly, the same way that they changed the name of E71 is to CNI and now they have changed the name of that again. There is a battery fault. Where they have an open circuit or it is a noisy line and things like that, there is a special record of data based on those faults. The last one is an exceptional one. For example, if a person was digging a stormwater drain and they cut the cable, there is a log for that as well, based upon the information which we have been given.

Senator MOORE—Does that still happen as much as it used to?

Mr Rogers—It does happen a bit. I can talk from personal experience. Five or six months ago, the union office was blacked out as a result of somebody digging a hole down the road.

Senator MOORE—You believe that it was actually for that reason?

Mr Rogers—Yes.

Senator MOORE—Do you have to do the same fixing? If a cutter cuts one of those things, is it exactly the same methodology? Do you have to get in there, pull it together and cut a bit more off it?

Mr Rogers—Once again, it depends upon the nature of the cut. Say, for example, it is in the middle of a section, between two pits. They may be required to haul a new cable and joint both ends of it.

Senator MOORE—Would that mean it was a little shorter on both ends?

Mr Rogers—No, this would be a brand new cable going through.

Senator MOORE—A whole new cable would not make it shorter; it would be a better way of repairing it.

Mr Rogers—Absolutely.

Senator MOORE—But more expensive.

Mr Rogers—Yes.

Mr White—It is one of Telstra's preferred methods now in the rural area that, if a cable is cut and it is a lead into a house or if the cable is solid and is not housed in a conduit, they will fix the cable and bury it solid again. That opens up a minefield on how good the quality is down the track. Again, we are talking about a repair that has been laid back in the ground and exposed to ground conditions. Naturally, there might be water flowing through the ground and if the ground dries out it expands and stretches the cable. So you are up for heaps of problems down the track.

Senator MOORE—Potential problems.

Mr White—Yes.

CHAIR—Are you both based in the CEPU office in Cairns?

Mr Rogers—No, in Brisbane.

Mr White—We had a special trip up here this morning on an aeroplane.

CHAIR—Excellent.

Senator TCHEN—We are very impressed with the diligence of these two gentlemen. You could have waited for us to go down to Brisbane.

CHAIR—Senator Moore and I came from Brisbane to question you. That is even more bizarre.

Senator MOORE—In an aeroplane.

CHAIR—Thank you very much for your evidence today. We look forward to going gunge hunting with you later on. We admit as exhibits a couple of pieces of paper presented by Professor Wainwright from James Cook University. Thank you.

Committee adjourned at 3.22 p.m.