



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

ENVIRONMENT, COMMUNICATIONS, INFORMATION
TECHNOLOGY AND THE ARTS REFERENCES COMMITTEE

Reference: Australian telecommunications network

WEDNESDAY, 30 APRIL 2003

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

Wednesday, 30 April 2003

Members: Senator Allison (*Chair*), Senator Tchen (*Deputy Chair*), Senators Lundy, Mackay, Tierney 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, Bolkus, Boswell, Brown, Buckland, George Campbell, Carr, Chapman, Conroy, Coonan, Eggleston, Chris Evans, Faulkner, Ferguson, Ferris, Harradine, Harris, Knowles, Lees, Mason, McGauran, Moore, Murphy, Nettle, Payne and Watson

Senators in attendance: Senators Lundy, 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.

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Committee met at 11.07 a.m.**ASTBRINK, Ms Gunela, Policy Adviser, Telecommunications and Disability Consumer Representation****EGAN, Ms Susan Wendy, Executive Officer, Physical Disability Council of Australia Ltd****HARTFIELD, Mr Harold, Secretary, Physical Disability Council of Australia Ltd**

ACTING CHAIR (Senator Tchen)—I declare open this public hearing of the Senate Environment, Communications, Information Technology and the Arts References Committee and welcome everyone here today. Let me state at the outset how pleased we are to be here in Caboolture, as it will give us an opportunity to hear at first hand the experiences of people living in the region, firstly, in relation to our inquiry into the Australian telecommunications network and, later this afternoon, in relation to the role of libraries in the online environment.

Thank you for making the trip from Brisbane to be with us today; it is much appreciated. Ms Egan and Ms Astbrink, the committee has both your submissions before it, which it has already published. Would either of you like to make any alterations or corrections to those written submissions at this stage?

Ms Egan—We would like to tender an additional document, and I would like to present Harold Hartfield from our organisation as the main spokesperson.

ACTING CHAIR—You may submit additional material during your evidence. I am required to state at this stage, for the information of all of you, that 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 questions in private, you may ask to do so and the committee 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 one of you to make your opening statements before we move to questions.

Ms Astbrink—I would like to thank the committee for the opportunity to appear and present some of TEDICORE's ideas about increased access to telecommunications for people with disabilities in Australia. As you know, TEDICORE presented a submission to the inquiry and, since that time, there have been some developments in certain areas, which I could perhaps outline in reference to our existing submission. TEDICORE is funded by the Commonwealth under consumer representation funding. It is a cross-disability project. There is a project advisory body which comprises members of the peak disability bodies in Australia, and that includes the Physical Disability Council of Australia. In 1998 the Australian Bureau of Statistics specified that over 19 per cent of the Australian population have a disability. With an ageing population, those figures will increase over time. So we are talking about a significant number of people in the Australian population.

In our submission, we outlined some principles relating to access to and equity in telecommunications for people with disabilities. I will not go through those, because they are outlined in the submission, but I will table the report that TEDICORE published last year,

entitled *Best practice in telecommunications for people with a disability in Australia*. I have a number of copies here for members of the committee. In regard to regulatory measures, I mentioned in the submission the disability standard and work that the Australian Communications Authority initiated last year relating to developing recommendations for an expansion of a disability standard for accessible phone features. That has been completed, and we are now waiting for the outcomes of the authority's decision relating to the development of an expanded disability standard for accessible phone features, which should make a significant difference to the way people with disabilities are able to access their standard phone. I believe Harold will be giving some examples of that later.

Interestingly enough, the committee looked at particular examples of accessible phone features. It used some guidelines that were developed in Europe based on the booklet I have here, entitled *Telephones—what features do disabled people need?* These guidelines were developed by a European Commission action project, COST 219. That project, of which I am an Australian member, has been operating for the last 15 years to find different pathways of assisting improved accessibility. Again, I table those guidelines for the inquiry. I would also like to mention the disability equipment program, which TEDICORE wrote about in its submission. This is something we feel strongly about: there is a lot of confusion among some members of the disability community about how to get specialised equipment for people with disabilities. For example, I am referring to telephone typewriters—TTYs—volume control phones, speaker phones and so forth.

Currently, Telstra has a disability equipment program, and Optus has a limited disability equipment program. The other carriage service providers offer very limited equipment or none. Telstra has recently developed a wholesale agreement with some carriage service providers so that its disability equipment program can be delivered through those providers, but the agreement is taking a long time to negotiate. An example of the complications is that Optus has both Telstra resale access and its own cable. It means that Optus's resale customers would be able to make use of the Telstra wholesale agreement with Optus, but those who have direct cable would not. They would only be able to access the limited Optus program. There would be a big discrepancy. It means that, if people want access to a carriage service provider based on price and service, they are limited and it is confusing. So we maintain that in this particular case competition really is not working the way it should.

I would also like to draw the committee's attention to an article that Christopher Newell, who is a member of the TEDICORE project advisory body, and I wrote for the *Telecommunications Journal of Australia*, volume 52, No.4, summer 2002, which outlines some of these issues and contains the suggestion that we really would like to see a big change in the way disability equipment is provided under an independently run program. I table this particular journal article as well.

I would like to point out that we did mention public procurement in the submission. We consider that that is a very important issue that we would like to continue stressing as a way of encouraging more accessible equipment being available in Australia—through the government taking a proactive role by ensuring that it specified in its public procurement policy that it would prefer tenders which included accessible equipment, as is happening in the United States at the moment. I will not go into too much detail about international comparisons. I outlined some of the issues in our submission. The final document I would like to table for the committee is a COST 219 book called *Bridging the Gap? Access to telecommunications for all*

people. It contains a lot of very useful information and a cross-section of ideas about what is happening internationally. I commend this book to the committee. Thank you very much for the opportunity to speak.

Ms Egan—Good morning. Thank you for inviting Harold Hartfield and me to the inquiry as a follow-up to our submission. The Physical Disability Council of Australia, as Gunela outlined, is a peak disability body funded by the federal government to represent the interests of people with physical disabilities across Australia. One of the major issues for people with disabilities in general—but in particular for people with physical disabilities—is the cost of their disability when it comes to the provision of any type of equipment, and telecommunications equipment is no exception.

As to the way that the Physical Disability Council of Australia works, our directors or councillors come from various states. Harold comes from Victoria, for instance, so his journey was greater than mine. Harold is our expert on telecommunications and will speak for us in the main today. Other members of our council who are experts in other areas have appeared before other Senate inquiries, so we try to disseminate the work a little bit. I believe Harold will probably talk to the document that he would like to put forward.

Mr Hartfield—Thank you for the opportunity to participate and input into this Senate inquiry into the Australian telecommunications network. This morning I would like to reinforce some of the main points that were in PDCA's original submission and provide some additional material to those points as well. We must start with the premise that, if Australians, especially those with disabilities, are to participate equitably in telecommunications and in the digital revolution, an equal playing field must be provided.

In relation to universal design, I have identified a number of separate points. In designing equipment, manufacturers and carriers must be encouraged to provide telecommunications equipment that is accessible and functional for all Australians. For example, people with physical disabilities may need large button phones with adjustable volume controls. Those with dexterity impairment may not be able to hold or pick up very light receivers and so on. The need for specialised equipment can in fact be part of universal design, and for an ageing population and for those with disabilities such equipment makes a great deal of sense. The new Telstra standard phone, the Telstra 1000C, is an excellent example of this. This would not only benefit people with disabilities but also, in an ageing population, make social and economic sense. Further inducement to universal design would happen if the Australian government adopted the public procurement approach taken by the federal US government, which Gunela also mentioned—that is, section 508 of the Rehabilitation Act allows for only hardware and software that is accessible to be purchased by the federal government in the US.

Secondly, whilst the disability equipment program is currently administered by Telstra, it is limited in the products that consumers with disabilities can access. For example, cordless phones, phones with large buttons and a number of other items would significantly assist consumers with a physical disability but at this stage they are not part of the program. An independently set up and managed disability equipment program, perhaps a partnership of consumers together with the carriers and manufacturers, would deliver a more flexible, responsive and cost-effective equipment program for consumers with disabilities.

Thirdly, Telstra's six national aged and disability centres were closed by Telstra in April this year. That has resulted in the loss of a great deal of expertise in matching disability telecommunications equipment to consumers with disabilities. That matching was often carried out in consumers' homes. Telstra staff provided an important information and educational function to Australians. The alternative arrangements put in place by Telstra are not satisfactory. The use of the Telstra disability hotline—a telephone service—as the primary source of assistance for people with disabilities is not really a satisfactory substitute for the human contact of a telecommunications expert matching the needs of a person with a physical disability. As the principal provider of disability equipment, this particular move by Telstra to close the centres is deeply regretted by the disability community.

Fourthly, on affordability, the cost of disability has been a major project undertaken by the Physical Disability Council of Australia. One of those additional imposts and additional costs is the cost of telecommunications. In the light of Telstra's recent announcements of line rental increases, consumers with disabilities and those with limited means may find the standard phone, mobile and Internet access very expensive. It is not just the standard phone any more. If you are in a wheelchair and you are out and about a mobile telephone is not a luxury, it really is an essential item. The same with Internet access: people with limited mobility may have difficulty getting out. The Internet becomes not a luxury but an essential item of communication and a means of keeping in touch with the outside world.

Consumers with a disability have a heavy reliance on telecommunications equipment and the increased impost makes it increasingly difficult to remain connected. The problem is even worse for consumers in rural and remote areas. A lot of us are in metropolitan areas and it can be difficult enough there. But if you are a person with a severe physical disability in a rural or remote area it makes it even more difficult and even more expensive. The medical and health reasons relating to the disability, to work and to social purposes mean staying connected is crucial. Emergency essential services make the telephone service critical to many people with disabilities.

The height and access to payphones continue to cause significant concern to people with physical disabilities. Many payphones are still not accessible in terms of height, and in terms of being able to gain access to the phone itself, particularly for those with limited upper limb dexterity. Access to payphones in rural areas is even more difficult, especially given that the remote payphones may be the consumer's only means of access to medical and emergency services.

My final point relates to the priority repair services for people with medical life threatening conditions. While the ACIF code for priority fault repair has been developed, emergency services, particularly in times of drought and flood, still leave people with disabilities vulnerable. We just need to take the recent episode of the bushfires in Canberra, where people with disabilities were in their homes and it was not possible to contact them to let them know what was going on, to highlight the need for improving the priority services for repair for people with disabilities. This problem is exacerbated for consumers with disabilities and for those living in rural and remote parts of Australia. Thank you.

ACTING CHAIR—Thank you. The Canberra bushfires might be a good point at which to ask Senator Lundy whether she would like to ask some questions.

Senator LUNDY—A lot of questions have already been asked about that in another inquiry. You have raised a number of issues. You said Telstra shut down a service in April of this year. Can you describe more fully what was shut down?

Mr Hartfield—In each of the state capital cities Telstra had an aged and disability dedicated shop with a particular officer in charge, with expertise in the running of disability equipment and what was offered under the Telstra disability equipment program. Those offices have been shut down nationwide. The six officers have been replaced by two roving personnel who cover the whole of Australia. In respect of the Telstra Country Wide services in each of the 46 regions there will be one member of staff who will be skilled in the particular area. These particular officers often came into the homes of people with disabilities. Many people with disabilities may not go out. It is not appropriate to go to Telstra shops—they are not able to help. The expertise of those particular officers, who came out to people's homes, was important. They also had a very important public relations role in talking to various groups, explaining what was on the program and what was happening. That has gone; that has been lost.

Senator LUNDY—In that advocacy role, would those people go out to organisations like your own or to regional groups and talk about TTYs, what Telstra had on offer and how you go about signing up for those services?

Mr Hartfield—Exactly. They would publicise their services, and they would go around to various groups within the community all over their particular dedicated state. Being the experts in the area they would promote those particular services and products. We have now lost that.

Senator LUNDY—It was a proactive service, not just a place where people could apply or make complaints?

Mr Hartfield—It was both. There was a particular dedicated office in a metropolitan area and those officers would also travel around their respective states. While Western Australia and Queensland are very large states, at least there was a service being offered but that has now been lost.

Senator LUNDY—Obviously you are unhappy about that and you think the service will be diminished. Is there any sign from Telstra that they are considering restoring that service? What explanations have Telstra given you for shutting that down?

Mr Hartfield—Telstra have closed the particular offices and replaced them with two roving Australia wide officers, saying that within rural and remote Australia their Telstra Country Wide offices will more or less be able to cover what the other offices were doing. I personally do not believe that they will be able to do the same job as these dedicated personnel. At the moment, within metropolitan areas there is no alternative to that particular service. They are talking about providing the products in the various independent living centres but providing products on a shelf is not the same as having someone come out to your home and suit the particular equipment to your needs.

Senator LUNDY—In your view, what is the overall impact of that going to be on people with disabilities?

Mr Hartfield—They are not going to be able to access particular equipment that they may have otherwise been able to access. There is going to be a loss to all people with disabilities but particularly to those with physical disabilities. We are going to be the losers. As part of their universal service obligation, Telstra really do have an obligation to promote this particular part of the service. I do not think it is being done adequately.

Senator LUNDY—April this year is very recent. It is this month.

Mr Hartfield—The service closed at the beginning of April.

Senator LUNDY—What notification were you given by Telstra?

Mr Hartfield—None. In fact, I am part of the Telstra disability forum along with Gunela and we were not consulted at all. We were told after the event. There was no opportunity for the corporation to consult with us as consumers and as integral players within the telecommunications field. As a consumer with a disability, I am very angry at the lack of consultation. I give up my time, I present at these forums and I contribute to the forums. We are not consulted in this process at all. It is not good enough.

Senator LUNDY—What were the units called?

Mr Hartfield—Telstra aged and disability centres.

Senator LUNDY—What cities were they in?

Mr Hartfield—There was at least one in each state.

Senator LUNDY—Did Canberra have one?

Ms Astbrink—No. I think there was one in all states. The territories did not have centres. The one in Tasmania was in Launceston. I should also add that TEDICORE was extremely concerned about this and wrote to Ziggy Switkowski and to Senator Alston about our concerns. As Harold has outlined, it was a reduction in service, basically, from something that had been available since the 1980s. It was replaced with two people who will advise Telstra Country Wide offices. There is to be a little showcase of equipment in all the Telstra Country Wide offices and that is supposed to substitute for the six dedicated centres. It is not equivalent. We are very concerned about the lack of consultation. It is like a slap in the face, really.

Senator LUNDY—Have you heard back from Ziggy Switkowski or from the minister?

Ms Astbrink—We have received a letter from Ziggy Switkowski which just said that this has happened and this is the process with the two new officers.

Senator LUNDY—He did not respond to your complaint or give you any satisfaction or offer to restore the service in some way or consult with you about restoring the service or anything like that?

Senator MOORE—Or apologise?

Ms Astbrink—No, definitely not.

Ms Egan—Our letter said that it was focused more on economics, that it was not cost effective to keep them open and that statistics had shown that over time few people with disabilities had actually used the service. I would question their method of collecting statistics because not all people with disabilities have obvious disabilities or stipulate upfront that they in fact have a disability.

The other thing that I would like to add concerns the changes that are being proposed. People with disabilities, and this includes our own sector, often have a speech difficulty or a communication difficulty so for such people to be actually talking to those who do not have expertise in the disability area is very confronting.

Senator LUNDY—It's about experience.

Ms Egan—It is disempowering and in fact it actually ends up with the person not pursuing the issues because it is too difficult. It is hard enough to talk to those who do understand and make the effort. If you are going to have people who are roving all over Australia and talking to just anybody, that is going to further disempower our sector. The other thing is that the federal government are making very loud noises about people with disabilities going back out to work and going to work. This is another link that is being taken away from people that empowers them to actually go to work. So we are protesting very strongly about some of the changes that are being made and the inadequacies of the telecommunications service when they continually have a profit at the end of the year but tell us that they cannot afford to provide a service.

Senator LUNDY—Ms Astbrink, you mentioned before that, because of the way in which resellers quite often resell products and because it is only Telstra that really provide a comprehensive service, you did not feel that Telstra were subject to normal competitive pressures in relation to providing equipment for people with disabilities. Do you think it is a reasonable observation to make that the fact that, because no-one else was providing this service, there was no competitive pressure and obviously no political or regulatory pressure on Telstra to keep doing it and that may have been a factor in their decision? I am just seeing if there is a link between what is obviously some sort of misguided cost-cutting exercise, if I can be so bold as to editorialise, and the fact that Telstra saw no-one else providing this service so they thought, 'Why the hell should we?'

Ms Astbrink—Certainly there is that concern, and I did raise the issue of anticompetitiveness there because the Telstra disability equipment program has been operational for a number of years but it was actually extended after a complaint to the Human Rights and Equal Opportunity Commission a number of years ago.

Senator LUNDY—Do you know when that was?

Ms Astbrink—That would have been in the late eighties or early nineties. I would have to check the particular year. It was from the Scott v. Telstra case, where Mr Scott, who had a hearing impairment, felt he was discriminated against because as a Telstra subscriber he could not get a TTY in the same way as a rental phone. This particular discrimination case was lost by Telstra and that was the impetus to expand some of the equipment program. It has gone through

a number of iterations. It is definitely the most extensive program amongst the carriers and has been operating for a lot longer. We feel that it is a very difficult process to get new equipment on the program as technology changes.

Senator LUNDY—The committee heard from some witnesses in Sydney some time ago who articulated the challenge of having a new standard and the need for everyone to move across to new equipment at the same time so that there is no interruption to people's ability to get those services. It sounded like a very challenging process, but I suspect that if the will were there amongst the carriers, it could be achieved.

Ms Astbrink—Yes.

Ms Egan—Not so long ago a consultation process on the emergency procedures was done by the carriers. I think at the time it followed the fact that there was a lot of media coverage of a sick child who in fact died. It was looking at the emergency procedures in a case where a telephone service was disconnected.

Senator LUNDY—Is this the Boulding case?

Ms Egan—Yes. Subsequent to that documents came to our organisation from Telstra and from Optus on what we believed should be appropriate emergency procedures and policies in place. Our organisation put in a submission to both of those organisations. As a result of that, there were quite extensive changes within Telstra, but Optus decided to only install an action plan, which did not cover the major issue: if someone's phone does not work and they have a severe disability, what are they going to do? It is a process. The attitudes were quite obviously different in terms of priorities.

Senator LUNDY—So it was not as great a priority for Optus?

Ms Egan—No. That was very clear.

Senator LUNDY—That is very interesting. Just following through on that emergency procedures consultation and the outcomes, particularly with Telstra, how do those changes fit with this decision to shut down the aged and disability centres? Do you think there is a relationship there?

Ms Egan—I do. It is seeing disability as a cost. I agree that it is—there is no getting away from that—but people who have disabilities are citizens and taxpayers and all of those things and they have the right. As has been previously mentioned, the sector is ageing and, as the sector ages more, there will be more people who have very definite disabilities. That can be evidenced out in the car parks when they take to the car parks. The reality is that we have to start looking at providing for citizens who need additional equipment or different equipment or different services and policies. Those things are separated out, so that you look at your policies from one perspective and you look at your equipment from a different perspective, and you do not look at the whole social picture or look at the social capital of society. In a lot of ways it does impact very drastically, but we are not actually looking at that picture or pulling those bits together.

Mr Hartfield—As Sue says, it is definitely a cost-cutting measure on Telstra's part. We are an easy target. There are only six centres, but they mean a great deal to people with disabilities. The other point I wanted to make in terms of what Gunela was saying was that an independently run disability equipment program would be really important. The consumers would be free to go to it, and they would not need to have a Telstra standard line into their home.

Senator LUNDY—It would involve all carriers?

Mr Hartfield—It would involve all carriers and they would all participate financially according to their share of the market. But if it were independently run and included consumers as well as the carriers, that would be a really good step forward.

Senator LUNDY—That is a recommendation in the submission, isn't it?

Mr Hartfield—Yes. Unfortunately we are an easy target. Cost-cutting is something which is part of the world that we live in. I guess that is why we are here today and we need to let you know how we feel about it.

Senator LUNDY—We certainly appreciate it. In relation to the universal service obligation and how that applies, what exists under those regulations to provide for people with disabilities? Is there anything?

Ms Astbrink—Yes. The universal service obligation states that the universal service provider—that is, Telstra—should provide disability equipment. So it does that, but it is framed in the Telecommunications Act in a certain way. Because a lot of the universal service obligation relates to geography and providing services in rural and remote areas, the model that Telstra uses is maybe different from providing other services, like payphones, in rural areas. It is not so much that they get a particular percentage from the rest of the industry to provide a service; it is something that they have decided that it is easier to provide from their own resources. It is a slightly different model, even though they are obliged to do that as a universal service provider.

Senator LUNDY—In your view, would the recent cuts in shutting down the centres constitute a breach of their obligations under the USO?

Ms Astbrink—I have consulted with particular stakeholders about that, and TEDICORE has been informed that it probably does not.

Senator LUNDY—Is that because they are still providing the equipment?

Ms Astbrink—They are still providing the equipment. If one looked at it cynically, it would mean that if they were not promoting the disability equipment through the centres, they may not have to provide as much equipment. That is a cynical point of view, and I leave that to the committee to take as it likes.

Senator LUNDY—We are very cynical—at least, I am.

Senator MOORE—Leading on from the issue of the closure of the shops, about which I was aware, I was unaware of the fact that there was no consultation. That was not publicised and it is interesting for us to find that out. If someone has a need now, are you aware of what the link within Telstra is? If you go to a shop, or if a carer goes to a shop on someone's behalf which I know is quite common, do you know what happens in terms of the feedback? Can you run us through that?

Ms Astbrink—Yes. Telstra has stated that there is a phone in the Telstra shop with a hot button that goes directly to the disability inquiry hotline.

Senator MOORE—Is that an accessible phone?

Ms Astbrink—One should sincerely hope so.

Senator MOORE—You never can tell.

Ms Astbrink—That is right. A customer who goes to the shop can then talk to an operator on the hotline to explain their requirements and get information basically. There are also supposed to be brochures in all the Telstra shops about the disability equipment program as well as the application forms to apply. Telstra says that the disability inquiry hotline gets a lot of inquiries. It will now be even more heavily used. That is fine; that provides a good service. But it is that more personalised service that that has been lost. Members of Telstra's disability forum were told, I think, a week before the actual closure.

Senator MOORE—That is good!

Ms Astbrink—It meant that everything had been put in place, the decisions had been made and there was very little that we could offer except our protest.

Senator MOORE—How often does the forum meet?

Ms Astbrink—Twice yearly.

Senator MOORE—There was no existing mechanism at which this could be discussed?

Ms Astbrink—We have phone briefings. We were informed via a phone briefing on the Friday, a week before the closure.

Senator MOORE—Does the option for a home visit still exist? If someone does need help in the home, can they actually get something set up? Does that support still exist?

Ms Astbrink—We believe not.

Mr Hartfield—It is possible. We have two roving people, but we are talking about two to cover the whole of Australia. It is unlikely that a consumer with a particular telecommunications' need will necessarily have the expertise of that one person, whereas previously there was a much greater chance of getting a home visit.

Senator MOORE—Do any of you live outside a capital city? You would have lots of members who do but, in terms of the rationale, would there only be centres in capital cities? If you happen to live in Rockhampton—we have just been there—and you required the service, from Telstra's point of view would they be saying that all they would be doing is putting that particular service in for everybody? Do you know what happened in Rockhampton for someone that needed a home visit before the closure?

Ms Astbrink—Do you mean previously?

Senator MOORE—Yes.

Ms Astbrink—It varied from state to state. In Victoria there were a lot of visits done in regional areas; it is obviously easier to get around. I could not say how extensive the home visits were in Queensland, because some of the people employed in those centres went further than others and, obviously, in states like Western Australia and Queensland it is more difficult.

I should also point out that another thing that Telstra is offering is for the independent living centres to have a small display of telephone equipment. The independent living centres exist in each state and provide a showroom of various disability equipment across the board. It could be anything to do with daily living. They have occupational therapists who then go through with a client as to what might be suitable for them. So Telstra is saying, 'We're going to put this equipment in here.' Some independent living centres—like the one here in Queensland—have mobile exhibitions in buses that go throughout the state.

There is concern, though, from the peak disability bodies about the suitability of that approach, because those particular ILCs, independent living centres, are not visited by the wide range of people with disabilities—certainly those with hearing impairments or who are deaf or blind—who might need particular equipment. They operated quite differently state by state. There are a lot of concerns about that. We do not feel that that is a suitable option.

Senator MOORE—The issue of consultation was particularly interesting to me in reading your submissions, which were great. They were very useful. You talked about the various bodies that are in existence and of the existing industry group, of which you are a part. You have just told us about the fora that exist which have been clearly identified to consult and find out what the issues are. Given that, your explanation of the impact with the transfer to digital for telephones was quite confronting. Can you let us know how that happened? Allegedly, there are structures in place and you have all of this knowledge—and the publications you put forward today indicate that there is a significant knowledge base on these issues available in the community; so we have that and we have fora in place within Telstra, or supported by Telstra and also by the industry with the standards group to engage with this—and yet you have clearly documented two particular examples, and if you have other examples we would like to know about them, that seem to have slipped through? How did that happen?

Mr Hartfield—It seems to me there are consultation processes in place, and they are very important, but some of them are really just lip-service. It is an opportunity to listen to what the community and various disability representatives are saying. When it comes to making these hard decisions, they are very often made in our absence. We are then told after the event, 'This is what's happening: we're closing the centres; we're changing this,' and it is done. Those sorts

of very important decisions are not made with us. That process is really of great concern to the disability community. We feel we are not inside, we are not part of the decision-making; we are outside. We are told after the event. It is very disappointing.

Senator MOORE—Are those your views also, Ms Egan and Ms Astbrink?

Ms Egan—Yes.

Ms Astbrink—Yes.

Senator MOORE—The concerns you have mentioned about the introduction of the digital telephone network are very serious. When you told Telstra and the wider industry about that, what was the response? Hopefully, not by phone.

Ms Egan—For some, no.

Ms Astbrink—When it comes to people with hearing impairments suddenly going from a system where the TTYs could be used with a mobile phone under the analog system—

Senator MOORE—And it was publicised that they could. It was publicised that you could use your mobile phone, and people were encouraged to do so.

Ms Astbrink—Yes. So a number of people had purchased appropriate equipment and then were not only moved to a digital network but the analog network closed. That is a prime example in Australia of the lack of consultation and lack of care. There has been an impetus in the disability community to really push for further consultation and to strengthen a number of processes between government, industry and the disability community.

ACTING CHAIR—It is not only consultation but outcomes that you want.

Ms Astbrink—We want outcomes, yes, exactly; that is a very good point. As Harold said, sometimes with consultation there is more lip-service than actual consultation; when it comes down to it, we may not achieve as much as it seems on surface. I should point out that the ACIF is currently working with us with a small committee on moving TTYs into next generation networks and on processes to achieve that. That committee, of which I am a member representing the ACIF Disability Advisory Body, comprises a number of industry and regulatory members.

Senator MOORE—Does it comprise many people with hearing disabilities?

Ms Astbrink—We have two members: one representing the Australian Association of the Deaf and the other representing Deafness Forum.

Senator MOORE—They are actually in the group?

Ms Astbrink—Yes; that is very important.

Senator MOORE—Sometimes they are not.

Ms Astbrink—No. It would seem a bit ludicrous if they were not included. That work is under way—

Senator MOORE—It is happening now?

Ms Astbrink—Yes, it has just started. We are hopeful that with that process we can achieve something and have that awareness and be there to get those outcomes rather than just having the lip-service. But it is very difficult for the disability community, because industry develops technologies and new equipment that are often commercial-in-confidence and we are informed at a later prototype stage, when the die is cast. It means that, if things have been forgotten, they are much more expensive to retrofit. That is why we keep on talking about universal design, where using principles like being aware of flexibility, accessibility, tolerance for error and so forth would go some way towards ensuring that there would be fewer mistakes made. It still means though that we should be involved earlier in the piece. Something major like the inaccessibility of the GSM network makes people in the disability community very frustrated. We do have a Disability Discrimination Act—we do not want to use that unless we have to.

Senator MOORE—I have a question to do with changes. Is there an expectation by the provider that your networks will do the publicity for the changes?

Ms Egan—Yes.

Senator MOORE—So there is clearly an expectation that you in your role as advocates and representatives will then go out to your members and carers and tell them about the changes.

Ms Egan—Absolutely.

Senator MOORE—That is what I thought. It is nice to have it on the record. One of the other things I had was picked up in this excellent book.

Senator LUNDY—I am conscious of the time, but I want to say that the work you have done on public procurement issues and international comparisons is really excellent and has enlightened the committee a great deal. Reading through it again, all the questions I had about it are actually answered in your comprehensive submission, so thank you.

ACTING CHAIR—We are out of time now. Mr Hartfield, Ms Astbrink and Ms Egan, thank you for your attendance today. I have two questions which, in the interests of time, I will give to you on notice. Perhaps you can write to the committee and answer them. Firstly, both organisations mentioned the American federal procurement approach and suggested it as a model that we should look at. Could you write to the committee and inform us of how that works? Secondly, amongst Ms Egan's recommendations—and I think Ms Astbrink also mentioned it—is a recommendation for an independent disability service program. Could you expand on that—how you see it would work, how it should be funded and how it should operate? That would assist the committee. Thank you.

[12.02 p.m.]

DAVIDSON, Mr Keith Charles, Chief Executive Officer, Norlink Communications Ltd

STEVENS, Mr Brian Keith, Technical Director, Norlink Communications Ltd

NUFER, Mr Kerry Douglas, Principal Engineer, Nufer and Associates

ACTING CHAIR—I welcome our next witnesses. Thank you for giving us your time today; it is much appreciated. The committee has received a submission from Mr Davidson and a submission from Mr Nufer. Thank you for those. Is it the wish of the committee that these submissions be published? There being no objection, it is so ordered. Does the committee accept the documents submitted by the previous witnesses? There being no objection, it is so ordered.

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 the committee will hear 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 Mr Davidson to make an opening statement, followed by Mr Nufer, before we move to questions.

Mr Davidson—I will give you a bit of history on Norlink. Norlink is an unlisted public company limited by shares. It is 100 per cent owned by Norlink Ltd, which is a community based company limited by guarantee. It is based in the Northern Rivers region of New South Wales. Norlink Ltd has been working on regional telecommunications solutions since 1997. As a result, we have built an extensive knowledge of regional telecommunications needs, particularly on the Northern Rivers. One of the most important issues we have discovered is that no one size fits all; individual regions or communities have different needs and expectations. We feel that these regions or communities are best placed to identify and address their needs.

In 2001, Norlink received federal funding to establish an alternative local loop trial in the Northern Rivers using wireless and taking it to full commercialisation. This trial is being conducted in four communities in the Northern Rivers—Mullumbimby, Maclean, Kyogle and Lismore, which was added with the support of the New South Wales state government. To do this, we have developed what we call a prototype regional telco model that incorporates local ownership, partnerships, complementary use of existing infrastructure and community development—what we are calling the Norlink e-town process.

We believe that local community ownership is the key—particularly to identify real infrastructure needs, to reinvest locally and to build communities through the ownership and development of community development initiatives. We also recognise that communities cannot do this alone and the development of extensive partner relationships is important to success. These partnerships can include relationships with vendors, backbone providers, building partners and other carriers for other service offerings. Income from existing and new

infrastructure will not deliver sufficient returns to the entity in the short term to ensure sustainability; therefore, the need to offer services over existing infrastructure is important, providing a strong base from which to grow. Most importantly, reinvesting in the community is key. Identifying areas of social and economic development can be enhanced by better telecommunications and by investing in these areas—for example, investing in IT skills and in the deployment of infrastructure to remote or more difficult access sites.

Norlink appreciates this opportunity to present to the inquiry and we are happy to take questions from the committee on our submission. I should say that Brian Stevens is our technical director on the board of Norlink Communications, and we are happy to take questions of either a strategic or corporate nature.

ACTING CHAIR—Mr Stevens, do you wish to add anything?

Mr Stevens—I support Mr Davidson's remarks and I would welcome any questions regarding the submission. Hopefully, during that, we can discuss some of the infrastructure issues that we have encountered and are solving through some of the innovative approaches that Norlink is taking.

ACTING CHAIR—Thank you. Mr Nufer, would you like to make an opening statement before we go to questions?

Mr Nufer—I am a professionally qualified engineer with 25 years experience in the telecommunications industry in the areas of information and communications technology. My previous experience is with the Queensland Police Service in providing and implementing radiocommunications, the Snowy Mountains Hydro Authority in managing PABX data and radio projects and more recently with MITEC Ltd, where I led the development, manufacturing and deployment of microwave link equipment for the telecommunications industry in Australia and overseas. Since 1995 I have been working in a private capacity and trading as Nufer and Associates, providing consulting engineering services in the areas of telecommunications and technology management to all sectors of industry, particularly in rural and remote areas of the country.

My reason for making this submission is to hopefully influence the government to give the right consideration to the development and maintenance of legislative frameworks necessary for the overall development of telecommunications, particularly in rural and remote areas. I have not got a particularly vindictive attitude towards Telstra or any other telecommunications carrier and in fact, in most cases, have admiration for the way that Telstra have, in the past, developed the Australian terrestrial network to the level we enjoy. However, I must warn you that, in my opinion, recent policy decisions and technical solutions posed by Telstra, as highlighted in my submission, detract from their previous achievements. More particularly, I feel compelled to describe issues which I have discovered during my provision of services to clients in an attempt to remedy the situation through the possible intercession of government.

The basis for my submission to this hearing concerns recently observed shortcomings in the rural and remote telecommunications infrastructure involved in the carriage of data services for the Internet. More specifically, I must highlight issues which I believe impact negatively on the practical application of the Internet in rural and remote regions of Australia for the use of e-

business, such as is currently about to be assessed by various government and private organisations under the Qe-Meat project. The Qe-Meat project is a primary example of how e-business is being introduced into rural and remote primary industries in order to improve production efficiency, food safety and, therefore, our competitiveness in overseas markets and resilience against fighting disease, should it ever occur. The Qe-Meat project will pilot e-business systems based on international standards, organisations and EAN.UCC standards to the beef supply chain from breeding through to slaughter, processing and distribution.

ACTING CHAIR—I notice that you are reading the written submission that you have provided to the committee. We have the benefit of reading it. In the interests of time, may I ask you to perhaps summarise or raise particular points that you think we should pay particular attention to.

Mr Nufer—Yes, I will try to do that. I would just like to complete this introduction if I could.

ACTING CHAIR—Thank you.

Mr Nufer—The benefits of e-business technology in the application will include improved traceability of meat products along the supply chain from breeding to slaughter and distribution as well as more efficient and accurate processing of cattle movement and processing information by all parties at each stage of the process. This is brought out through national livestock identification and also national vendor declaration processing and things like that.

The point that I would like to make to the committee concerns the way in which the Internet is being operated in these rural and remote areas, which does not really lend itself to the resilience and robustness that most people associate with Internet communications in metropolitan areas of the country. The situation that we have with existing services in rural and remote regions—and this is something that we have observed in our work there—is that there has been an attempt in the past to use modem services for station properties and for people in areas around townships and communities to achieve these communications. Recently, this has been changed through Telstra policy by the introduction of satellite services—either symmetric or asymmetric type services. In effect, this is not doing anything to improve the performance of the Internet in terms of the conduct of e-business operations as we would want to introduce them. We suggest, as detailed in the submission, that it is, in fact, leading to difficulties in achieving reliable communications between trading partners engaged in activities such as we propose under the beef supply chain in the Qe-Meat project.

ACTING CHAIR—Thank you. Before I move on to my colleagues, I would like to ask Mr Davidson about Norlink. You mentioned that your project received federal funding. We have come across a number of other examples with a similar concept of a community telco, so I was very pleased to hear that that is occurring in other areas as well. Can you tell the committee what federal funding you have received?

Mr Davidson—Norlink, as I said, has been around since 1997 and we probably first received some funding back in 1998, of some \$150,000, to do some demand aggregation studies, infrastructure surveys and so forth. We did some Internet awareness-raising programs and training programs as well.

ACTING CHAIR—From which program did you receive that?

Mr Davidson—That was Networking the Nation. Then we had further support to do more community development from that, probably in 1999, and more recently we received \$1.5 million in BARN funding to do this trial, along with support from the New South Wales government to the value of \$250,000.

ACTING CHAIR—I see from your reaction, Mr Nufer, that you know about this.

Mr Nufer—I know about the BARN funding and the NTN funding. We have also been involved in such projects.

Senator LUNDY—I too will go to Norlink first—to Mr Davidson and Mr Stevens. Could you tell me what type of wireless local loop technology you are using?

Mr Stevens—The technology we will be using is a fixed wireless access technology. It hears using spectrum in the 3.4 gigahertz range. Norlink has a number of spectrum apparatus licences secured in the Northern Rivers region to undertake this. Access to spectrum was a significant issue for us and we made a representation to the wireless inquiry last year regarding this issue. Some of the recommendations of that committee appear to address some of the issues that we highlighted regarding access to spectrum.

Senator LUNDY—I notice in your submission that the cost of the spectrum, particularly in regional areas, is of concern. Have you been satisfied with the government's response to those issues? Have the recommendations that emerged from that inquiry been acted upon?

Mr Stevens—We had a meeting with the department in Canberra a few weeks ago regarding progress towards their response to the committee's recommendations. They have taken some further input from us regarding how we have overcome some of the challenges and some of the further challenges they need to address. They are currently considering their response to that. So, at the moment, the response to that inquiry has not officially come from the department.

Senator LUNDY—If you do get a response, will you forward it to the committee? That would be most helpful.

Mr Stevens—Yes. It is a very important issue. We highlighted the fact that spectrum is like any natural resource in Australia and that if one or two organisations had total control over that resource there would be a significant public backlash. That is the current situation in Australia—one or two organisations have complete control over a significant resource and neither of them is using it to deliver appropriate services to regional and rural Australia.

Senator LUNDY—Or, indeed, they are preventing other organisations from providing an appropriate service.

Mr Stevens—Certainly. We had an interesting discussion where the department made the assumption that there was competition in the market, and we agreed that the competition was very fair for the first two players in the market but for the rest of them not quite so.

Senator LUNDY—I think that is a strong point, well made. I want to ask about some attributes of your network. Do you require line of sight for your technology? What is the distance and what is the accessible bandwidth? Could you give me a bit of information about your pricing plans for the services you can provide?

Mr Stevens—The technology is capable of transmitting up to about 50 kilometres from the base station. It is defined as line of sight or near line of sight technology. We are anticipating that we will get at least 30 to 35 kilometres from the base stations we are initially putting up. We have done a number of radio planning activities through the facilities available to us and have identified a number of locations we can access, not only in the towns we are after but also very fortuitous coverage. We will be transmitting up to 27 megabits downstream and taking up to 10 megabits upstream back from any single subscriber. Obviously the types of organisations that want that type of speed at the moment are not readily available, so speeds of 512 and 128 up will be the typical offering that most users will take up in the short term. Those users accessing the system will get not only data service but also voice services over the infrastructure. The infrastructure is voice capable from the initial deployment.

Senator LUNDY—Is that voice-over IP?

Mr Stevens—Yes, it is voice-over IP. We have the ability to compress or not compress the traffic, and we can offer full PSTN equivalent functionality over the network.

Senator LUNDY—Is that in operation yet?

Mr Stevens—We have our test site up and going, and we are finalising all the technical attributes of the test site. We anticipate finalising access to the two initial towers in the next two months. Again, this has been one of those long processes where we have been in negotiation.

Senator LUNDY—How long has it taken and how much is it costing you?

Mr Stevens—A lot of time is taken up with going backwards and forwards in the negotiation process. We have gone back from level 1 to level 4 to level 2, three or four times now in access negotiations. We have been in negotiation for nine months now, I think. Keith, is that correct?

Mr Davidson—It is fairly close to that.

Mr Stevens—We anticipate that in the next two months that will be fully resolved but, again, it could be delayed after that.

Senator LUNDY—Who are you negotiating with?

Mr Stevens—The access is through Telstra. Obviously there are a number of locations we could transmit from, but the best locations to get the best coverage are Telstra locations. It is interesting that we have four or five sites we are trying to access. The first two are Telstra sites, for which we do not yet have access. But our second-stage rollouts are in non-Telstra sites and we have finalised all those negotiations and access so far. So we are ready to deploy stage 2 before we have stage 1 deployed.

Mr Davidson—With regard to your question on the cost, there is a fair bit of opportunity cost that we have lost. The other thing is that we have procured equipment and have had that available since November last year, and we still have it sitting here in our storerooms.

Senator LUNDY—So you have been ready to roll for six months, since November last year.

Mr Davidson—That is right.

Mr Stevens—The fact that significant amounts of capital have been expended and that we have not been at liberty to deploy that into a revenue generating mode at the present time because of delays in accessing the infrastructure is a significant issue for Norlink.

Senator LUNDY—I can appreciate that you are currently in negotiations with Telstra, but have you seen grounds to pursue a complaint about Telstra's behaviour during those negotiations or are you reasonably happy that it is all very constructive?

Mr Davidson—Obviously we have had more delays than we would have expected and, therefore, we are not reasonably happy. The defined process for access to the towers is quite detailed. We cannot see that they are necessarily doing anything wrong, but they are applying the process to the nth degree and, therefore, if an issue comes up the process starts again, essentially. That is a process that has been negotiated through all the carriers. It applies to all.

Senator LUNDY—I might turn now to Mr Nufer. Thank you very much for your submission. Can you tell me whether the National Office for the Information Economy has anything to do with the Qe-Meat e-commerce project?

Mr Nufer—Yes, they do; they have an interest in it. It is not an active role, but we are in touch with them and they have an ongoing monitoring role in the project at this stage. I believe there could be some direct involvement in coming phases.

Senator LUNDY—Your submission clearly states that you think that the technology currently being invested in by Telstra will not support the type of e-commerce model envisaged through projects like Qe-Meat, largely because of bandwidth and related connection speed and connection quality issues. Is that the guts of it? Is that what you are trying to say?

Mr Nufer—More than that, it is to do with the networking ability of the Internet. I think the best way to describe that to you is to refer to the figure at the end of the submission that I have handed up, on page 9. As you would be aware, in order to conduct communications between any two entities, you need the role of at least one intermediary, which is an Internet service provider, and, generally speaking, you have a whole host of other switching and relay points. In Queensland, to a large extent, as I show in the diagram, we have nodes scattered throughout the state. These are all channelled through POPs—regional points of presence—back to the main capital city and in some cases to southern states and, in one instance, to an overseas switching centre in the US. The consequence of that is that, without the ability to relay data traffic locally in these regions or even on a smaller scale, information has to transit across the country.

Senator LUNDY—And back again.

Mr Nufer—And back again. There are a couple of issues associated with that. Every time you go through a transmission medium or a relay switch, you increase the probability of losing the data. You also increase the delays that are associated with the traffic transmission. In some instances, where you are attempting to implement things such as virtual private networks, you cannot maintain those connections. Where a satellite has been installed by Telstra, it imposes an automatic delay associated with the transmission out to the geostationary orbit and back again. That is an overhead which starts to become quite significant in some instances.

Senator LUNDY—The committee has had an opportunity to look at some of the quality and affordability issues, particularly of the higher bandwidth services in rural and regional Australia. Do you have any comment on the impact of download caps as a pricing mechanism on the expansion of e-commerce?

Mr Nufer—No, I do not. The reason for that is that the types of e-business that we are investigating and piloting with Qe-Meat do not involve large volumes of data.

Senator LUNDY—So speed is more important to you than data?

Mr Nufer—Reliability.

Senator LUNDY—Speed and reliability.

Mr Nufer—It is reliability. That is one of the critical things that we have established with a lot of those networks. What is even more disturbing for me is that I believe we are going down the wrong track. As you may be aware, over the last 20 years Telstra has established a very significant digital radio concentrator system throughout the country. That has been upgraded in places to what it calls HCRC technology, which has a lot more bandwidth. Associated with that technology has been a network of telecommunications towers and other infrastructure which is still very useable into the future. As a matter of fact, Telstra is continuing to evolve its voice network through that DRCS network. However, in a lot of the applications it has moved its data traffic through the two-way satellite as either a symmetric or an asymmetric service. It is our belief that, with telecommunications convergence, both data and voice should be flowing across that existing terrestrial network instead of using satellite.

Senator LUNDY—So you are saying that what used to be DRCS and is now HCRC should service both voice and data needs?

Mr Nufer—That is correct; it should continue to evolve. Secondly, the reason for that is that it is locally based. It is providing that infrastructure around the locales where it is required, rather than switching information through southern centres and then back along the network up through the terrestrial network.

Senator LUNDY—Can you explain your graphs? I know what a ping is and what a ping test is but can you explain to the committee the significance of the graphs you have included in your submission in relation to ping times to corporate server locations and other aspects of the Qe-Meat network?

Mr Nufer—These graphs were obtained as a result of the investigation phase for Qe-Meat. We went out to a number of station properties and actually pinged or sent trial data information through to various points.

Senator LUNDY—Just for clarification, a ping—and correct me if I am wrong—is a test to see how much time it takes and whether or not you are actually targeting your data packages accurately.

Mr Nufer—That is correct. It is a small test data package or packet and it is sent to a particular address to a particular node in the network and you look at the response times and whether you get a response at all.

Senator LUNDY—And they are in the graphs that we are looking at?

Mr Nufer—That is correct. You can see there that for the various sites that were tested we suffered varying delays, which are shown there in milliseconds. The longer ones there are indicated through connections via the US through particular service providers. I would like to point out that the shorter ones, around 200 milliseconds, were those obtained by using the terrestrial network. I would like to add the point that, out of all the ISPs of which I am aware, the only people doing anything to address the issue are Telstra. They provide a peering connection across the network here in Brisbane, which means that information passing between a pastoralist at Longreach and the local hardware store would actually transit here in Brisbane.

Senator LUNDY—Who are they peering with?

Mr Nufer—They are peering in their own network but they may also peer with other ISPs.

Senator LUNDY—Mr Stevens, how many people do you already—and do you hope to—service with the Norlink wireless local loop at the conclusion of this phase of the project?

Mr Stevens—The test phase is to put on some 500 clients across the three towns that were originally identified. Norlink's aspirations are to put on 10 times that amount across the existing infrastructure to make it a commercially viable process.

Senator LUNDY—Can you tell me if the delays in your negotiations on tower access with Telstra are harming your business case?

Mr Stevens—Certainly. The issue, as Mr Davidson pointed out, is the opportunity cost. There is a lot of opportunity that we are not realising because people have been waiting for our services but have decided to make alternative choices such as dial-up and ADSL services.

Senator LUNDY—Mr Davidson, is Telstra promoting ADSL and other high-bandwidth services in your region?

Mr Davidson—I would say heavily. The ADSL service is probably the first deployed in a regional area, in Lismore, and all our local government areas in the Northern Rivers area have ADSL available and have had for some time.

Senator LUNDY—Do you think that is because they saw some competition coming around the corner?

Mr Davidson—Possibly. We do not necessarily think that is a bad thing. Competition is a good thing to happen but we need to be able to get out there and offer that competition to the DSL services. I might go back to a question you asked earlier for which you did not get an answer from us in regard to our pricing. Our pricing is probably comparable to DSL services but with our greater reach clearly we can get to more customers.

Mr Stevens—I have two points to make. One is in relation to Mr Nufer's comments about satellite, delays and switching. I actually have a two-way satellite service that comes from Telstra at my residence—I live in a rural location. This service is sold and marketed by Telstra as a broadband service but the performance of that service is not up to any broadband capacity or performance standard.

Senator LUNDY—Do you mean you do not get broadband speeds on it? Is that what you are saying?

Mr Stevens—Yes. Although you do get some faster download speeds over the satellite, because of the delays that Mr Nufer discussed and the time it takes for data to travel to and from the satellite, you negate the actual benefit of the higher down speed as every time you request something it takes longer for the request to happen. Even if the data comes quicker, it is not actually a broadband service. I would suggest that Telstra would need to market this service as an access service rather than a broadband service.

Senator LUNDY—Thank you. That is actually consistent with other feedback we have had about the two-way satellite service in other places around the country.

Mr Stevens—The other point I want to make is to do with what Mr Nufer discussed concerning the issue of local switching, delays and things like that. We would concur with a lot of those points. The fact that you have to send data to main switching centres does incur a significant cost for organisations. At Norlink we need to send our data to a peering location in Sydney, but we do incur additional costs in doing that.

Senator LUNDY—Is that from Telstra?

Mr Stevens—That is from the providers. We do not use Telstra as a provider but everyone has the same issue: you have to back haul the information to a location where you can get interconnection. Therefore, it does increase the cost.

Mr Nufer—Can I make an additional point on that which is very important from the point of view of the quality of the service. With most of the agreements I have seen out there, particularly those concerning the satellite, we only ever speak of maximum rates of data speeds. There is no minimum speed ever qualified in the agreement.

Senator LUNDY—The current legislation has it sitting at 2.4 kilobytes per second.

Mr Nufer—One of the difficulties we have faced with the work that we are trying to do in e-business—the worst thing that can happen—is when you start to introduce new people from the land to these sorts of systems and you find that the telecommunications do not work. They soon get frustrated and they do not want to be involved. Further to that, some of the corporate clients associated with the beef industry that are trying to go into service level agreements with people like to Telstra have sought to establish some very reasonable rules for what constitutes a service—it is just impossible. There is no negotiation whatsoever.

Senator LUNDY—The government recently announced that they were going to try and establish 19.2 kilobytes per second as a minimum standard. Do you think that is adequate to conduct e-commerce in the beef industry?

Mr Nufer—Certainly, no. There are two issues to do with connecting to the Internet. The first issue is the actual data speed that the modem trains at and establishes a connection with the point of presence. The second issue is the actual throughput that you can establish, and that is to do with a whole host of other connections. Generally speaking, you look for a much higher rate but I also have to say that we have clients who have fallen through the safety net and have had to put up with 7.6 kilobytes per second. They are very close to the coast and they recently had to purchase their own asymmetric satellite service, so they are still faced with an upload rate of 7.6 kilobytes per second.

Senator LUNDY—The government reckon that they have a special bag of money that will help those people out, so maybe there is hope for them yet—we will see. Those are all the questions I have; that has been excellent evidence from both parties.

Senator MOORE—I have one question for Mr Nufer; sorry, Mr Davidson and Mr Stevens. Mr Nufer, when you have put this much effort and experience into the process what happens when you share your concerns with Telstra?

Mr Nufer—I sat down at a meeting at the beginning of last year to try to determine where we could go with e-business systems. The situation that you face with meeting Telstra these days is that the people you speak with do not know much outside their narrow area of expertise. They cannot or will not tell you anything further about things like convergence—why it can or cannot be done. We know that the technology is there to do these things, but you face a brick wall when you try to get into any discussion with them whatsoever.

ACTING CHAIR—Mr Nufer, you indicated earlier to Senator Moore that, in your opinion, accuracy is more important than speed in the transmission of data. In the examples of the ping times you have given us, was there a deterioration of data accuracy in any of the cases?

Mr Nufer—The actual transition process for the data packets has a certain level of self-checking in there, so we know that that packet was sent and received accurately. The tests that we conducted did not include any things like bit error rate testing or other types of testing, because we did not have the time or the ability to set up the sorts of connections that were required.

ACTING CHAIR—I notice that the maximum delay is in the order of 1,000 milliseconds—that is one second?

Mr Nufer—That is right. In one case there one of the ISPs, who was a fairly significant player in the Australian Internet scene, transited their traffic through San Jose in the US. So we had a situation—

ACTING CHAIR—We have a marvellously small world.

Mr Nufer—where we had a feedlot in Roma which was trying to communicate with their corporate office in Brisbane having their information flow through the US.

ACTING CHAIR—It is a marvellous example of the information superhighway, isn't it?

Mr Nufer—Yes. We have evidence of that here, by the way. We have all the results of the tests.

ACTING CHAIR—Thank you, Mr Nufer, and Mr Davidson and Mr Stevens, for your attendance today. Your evidence has been comprehensive and informative, and the committee thanks you.

[12.44 p.m.]

LUCAS, The Hon. Paul, Minister for Innovation and Information Economy, Queensland Government

SPINAZE, Mr John, Director, Infrastructure Development, Queensland Department of Innovation and Information Economy

ACTING CHAIR—Welcome. We are pleased to welcome you today, Minister, representing the Queensland government. Thank you for making the trip from Brisbane to be with us; it is much appreciated. I have been asked to convey to you from our chair, Senator Cherry, his apologies. He was looking forward to having a discussion with you; unfortunately other matters intervened. The committee has the Queensland government's submission before it, which we have already published. Would you like to make any alterations or corrections to that written submission at this stage?

Mr Lucas—Not at this point, although I have some additional documentation that I seek to put before the committee.

ACTING CHAIR—Thank you; we will receive it in due course. 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 an answer to any question in private, you may ask to do so and the committee will consider your request. The evidence you give to the committee is protected by parliamentary privilege and 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 the committee raises questions with you.

Mr Lucas—I have a document that I seek to put before the committee. I have given copies of it to the secretariat. It is entitled *Community concerns on telecommunications issues in western Queensland, following listening trip by Minister Paul Lucas*. That document was not prepared for the purposes of this committee hearing; it was prepared in response to the conclusions of the Estens inquiry and as a result of a tour of certain rural and remote centres in western and far north-western Queensland that I undertook. It refers quite succinctly to a number of issues that are important, and I would like to speak to some of them.

Queensland is Australia's most decentralised state except for Tasmania—although it is significantly larger than Tasmania, both in population and geographic terms. To put it glibly, a lot of people live outside the capital city in the south-east corner of this state. It is not just a vacant land mass. That means that what happens in telecommunications in remote and rural communities is of incredible importance to the welfare not only of the individuals in those areas but also of the people in the rest of this state.

The Estens inquiry was set up to ascertain whether services in rural and remote Australia were adequate. I have to submit that, from my discussions and inquiries, they are very far from adequate. In fact they are totally inadequate, particularly bearing in mind that the federal government got \$30 billion from its sale of Telstra 1 and 2—half of the asset. That money of

course belongs to the people of Australia. Queensland's share of that would be \$6 billion. It does not belong to me; it belongs to Queensland's taxpayers. A total of 0.6 per cent of that was spent on telecommunications infrastructure in Queensland—about \$200 million. Frankly, that is a disgrace. My department has calculated that it would cost about \$19 million—and these are only calculations—to fill in the gaps, to take 25 base stations, at about \$1 million each, to deal with a lot of the problems we have in highway coverage in rural and remote Queensland. I will talk about them a little bit later.

The tour I went on was to areas including Mount Isa, Longreach, Winton, Charleville, Roma, Chinchilla and Kogan. We wrote to people who had made submissions to the Estens inquiry as well as advertising in those communities. The people I spoke to and the information they provided are outlined in some detail in the report, so I will not go over that in any detail.

I heard a number of horror stories when it came to those communities. I spoke with one woman who had been billed nine times for an airline fare because each time she had tried to book it on the Internet it would drop out and she was not sure whether she had paid it or not. So she was faced with that sort of situation. I spoke with people who told me that it took three hours for them to download their anti-virus updates. Some people who were 50 kilometres out of Winton were getting an Internet speed of 4.8 kilobits per second—10 times slower than in the city. Frankly, I would be throwing my computer out of the door if I had to put up with that sort of download speed. We spoke with St Luke's nursing service, who have to put up with a situation where their nurses and carers are unable to call back to their base station for security and other reasons during their work. It is all right for people in Paul Lucas's electorate of Wynnum, which takes in the Port of Brisbane. The tradespeople who work in my electorate probably work around the Brisbane area and always have mobile telephone coverage. If you are in a small town you frequently have to go to adjoining towns—you cannot talk to people while you are in areas that are not covered. That has a major effect on your business.

I think that one of the problems is that the way federal government telecommunications policy has been proceeding in recent years has been as a result of the federal government saying: 'What do we need to do? We want to sell Telstra. What do we have to do to get that answer?' So rather than the Estens inquiry being convened to establish what things they needed to do, essentially it was established to give a tick to selling Telstra. That is the wrong way to go about it. If the federal government wants to sell Telstra—and I personally disagree with that—it can get out there and say that that is what it wants to do. It can actually spend money on inquiries to find out what needs to be done to improve services in Australia.

In terms of specific issues, and there are a number of them, one is the problems faced by people on farms in the standard zone. I am sure that senators are familiar with the fact that there is a satellite subsidy, which is a very good and welcome subsidy, for those people living in an extended zone around rural communities. But for those people who live in the standard zone, typically about 100 kilometres around the rural community, if they are not in the rural community itself they do not have the normal landline access and have to rely on either a digital radio concentrator or a high capacity radio concentrator. High capacity is a bit of a misnomer. People might think that means something like DSL. A high capacity radio concentrator is 19.2 kilobytes per second, which is obviously very slow, and DRCS is about 9.6 kilobytes. The paradox is that if you are in a remote community you cannot walk down to the local government office to get a service. It costs you money to ring up to do things, but if you have access to the Internet, it can become a bit of a leveller in terms of community things. These people have those

problems. They miss out on the satellite subsidy. They are not eligible for it and that has all sorts of problems for them.

Mobile telephone coverage is one of the critical issues as well. There is not continuous mobile CDMA coverage on our highways in Queensland. I have a number of maps for the committee to examine. You can see that while Queensland wins many state of origin competitions it does not win too many in the mobile telephone stakes. If you look at the maps, you will see that we do very badly in Queensland when it comes to remote and rural telephone coverage. I do not expect that every square inch of Queensland has to have mobile telephone coverage; that is not realistic. But what is also not realistic is to expect the people in rural communities to be able to afford satellite phones and things like that.

If you have a look at Victoria, you will see that they have 96 per cent coverage of their highways—remembering of course that Victoria is a far less decentralised state than Queensland. New South Wales has 82 per cent coverage—again, it is a far less decentralised state than Queensland. Queensland, the most decentralised mainland state, has 76 per cent coverage. This means that, for example, if you are travelling from Mount Isa to Townsville along the Flinders Highway, for 49 per cent of the time, or 4½ hours, you cannot get CDMA coverage. As far as we are aware, that is with all the current and planned CDMA towers going in there. I note in passing that Senator Alston said that he could not cover every goat-track. I do not think the Flinders Highway is a goat-track; it is a major highway. For 49 per cent of the time you cannot get coverage. That is a disgrace, against the fact that \$30 billion was secured from the sale of half of Telstra. You can have a look on the map at some of the other areas there as well.

I concede that the federal government have done a good job with a number of towers being placed in communities, and I welcome that. But wanting to sell the other half of Telstra is like saying to a builder who has half-built your house when he comes back to you for a variation, 'You have done half the job; do you want to be paid again?' I figure that from the \$30 billion they get they should do the job properly first and then talk to people about what they want to do in the future.

We have worked with local authorities to seek coverage on the Landsborough Highway, the Cloncurry and Flinders highways, which I mentioned, the Gregory Development Highway, the Carnarvon Development Road, the Barcaldine Development Road, the Barcaldine to Emerald and Barcaldine to Blackall roads, the St George to Cunnamulla road and the Roma to Boulia roads. People live in these areas.

In conclusion, when one talks about Commonwealth policy, there has been a real saga in terms of lack of thought and continuity in what they have done. Of the money that they actually did spend on telecommunications, out of the money they got from the sale of Telstra, they did not spend enough on infrastructure, and I think that is a real problem. Money that you spend on infrastructure sets the circumstances whereby the infrastructure is there for the future. That is certainly Queensland government policy, and I am happy to go into that with some more detail later.

There have been a number of poor policy outcomes. The federal government spent a lot of money encouraging a third network of mobile telephony along the Pacific Highway, the New

England Highway and the Hume Highway. That is fine. That has got 10 kilometres of extra length of coverage in Queensland—10 kilometres! They should have insisted on global roaming and put the money into services where they did not exist. I cannot believe that they would spend all that money to increase the level of service to people in a net sense by 10 kilometres. That is part of the crisis in funding. They have undertaken a number of policies that individually were good ideas—and I will give you an example of that—but together they have been a problem.

They put a lot of money into setting up rural ISPs, Internet service providers, in rural communities. It is a great idea: giving small business a go in rural communities. That is wonderful. So then what did they do? They decided to have local call access for a lot of those communities—again, great idea. That immediately wiped out the business case for all of those rural ISPs they had set up because they could no longer compete against mega POPs. These were two ideas in isolation that were good but put together they showed a distinct lack of forethought and planning in terms of their policy.

There is a final issue that I want to mention that I think is a real concern in terms federal government policy. The gate is not shut on it yet and they can do something about it, and it relates to demand aggregation. The Queensland government has pursued a very strong policy of demand aggregation, not just to get cheapest costs in telecommunications but to achieve better infrastructure outcomes. We have the great luxury in telecommunications that we are very much in a market of falling prices. By marshalling your purchasing power you can actually achieve some good infrastructure outcomes. One example thus far is the Reefnet. There is now competitive fibre up the coast of Queensland between Brisbane and Cairns. There was not a business case to do it, I might add, in the absence of government support. Optus and Leightons with AAPT have built the Reefnet. To support that, \$23½ million a year over five years is being spent. How much does that cost taxpayers? Zilch. No money has to be used to build that infrastructure; it is money that we would have already spent. We spend \$172 million year on telecommunications in Queensland. All we did was marshal some of that spend and after five years we will go and spend the money somewhere else.

I do not know what the telecommunications spend is—no doubt the committee would be aware of it or have access to that information—but is it not about time that the money the government spends in Canberra on telephones for public servants was put to better purpose? They might say, 'If we give a particular telco a proportion of that, it might actually put in some better infrastructure in remote parts of Australia, particularly in Queensland.' People in Winton pay taxes that support public servants who sit in offices in Canberra and I think they have a right to expect better services. Senators, that was all I wanted to say. I am more than happy to indicate some of the other demand aggregation issues that Queensland has pursued in relation to mobile telephony—a project that we call SmartNet—but I am also happy to take questions if that is what you wish.

ACTING CHAIR—Thank you. While I was listening to you talking about the federal government's spending on Queensland telecommunications, I thought that it might be interesting for you to sit down with the Premier of Victoria or his highways minister to talk about spending on highways in Queensland versus Victoria, because they are always complaining that the federal government is spending far too much on Queensland rather than on Victoria. I refer to the last point you raised about the Queensland government's bundling of your telecommunication requirements as a cost-saving measure. When we were in Cairns and Rockhampton, the committee heard evidence about the Queensland government's Reefnet

project. In your submission you refer to this. You say this provides a cost saving of approximately 60 per cent. One of the issues that we heard about in Cairns involved the suggestion that in fact there was no saving at all because Reefnet was actually as expensive as the Telstra service. Can you comment as to whether that perception is real?

Mr Lucas—That is the first that I have heard of that. I am told that it has resulted in a 60 per cent cut in wholesale broadband costs. If it is all right with the committee, I will call on John Spinaze from my department to provide some more details about that. Telecommunications is a federal government constitutional responsibility; it is not a state government's one. The Commonwealth Constitution does not say that the Queensland government and the governments of New South Wales, Victoria, South Australia and Tasmania look after telecommunications; it says the federal government does. Notwithstanding that, we have a commitment to do something about it. Reefnet is a very positive example of us actually using our purchasing power to get not only cheaper costs, as you said, but infrastructure. If you would like to hear from Mr Spinaze, I could ask him to provide some details of some of those cost savings.

ACTING CHAIR—Yes, please. Mr Spinaze, I would like to point out to you that, as an officer of the Queensland government, you will not be expected to answer questions which invite you to express an opinion on matters of policy and that you will be given reasonable opportunity to refer questions to superior officers or, in this case, your minister. Please proceed.

Mr Spinaze—On that issue, the primary reason we did the Reef Network was for competition. As the minister pointed out, there was no competition; there was only one carrier, Telstra, when we put that in place. There are now five carriers on there. As to the specific question of the two-thirds reduction, that is a real figure. In some cases it is actually more than that. That is an average. I know that two or three years ago a two-megabit link from Cairns to Brisbane cost about \$125,000 a year. It is now \$25,000 a year for the raw bandwidth. Sure, you have to add the extra costs for the tails onto that, which maybe takes it up to \$40,000 or \$50,000, depending on where you are, but that is where that figure comes from. It is actually even better than that in some cases. I realise that not everybody wants to buy two-megabit links, so that cost saving is primarily concerned with the larger bandwidths, which are really what we are trying to get into the state anyway. It will take some time for those cheaper bandwidths to flow through into individual telephone calls and data services, but the primary point of having the competition there was so that they would eventually flow through.

Mr Lucas—The issue is that if telecommunications companies are seeking to compete in that market, Brisbane to Cairns and thereof, it is very difficult for them to do that if they have to pay Telstra for the backhaul. This now allows them to use their own bandwidth to do that. I might add that in the meantime Telstra have laid some further fibre along that route to improve their redundancy. I welcome that.

Can I also say that the big challenge in terms of making these realisable for the community in a direct sense—and certainly these wholesale savings really benefit carriers and then they pass them on to the community—is to deal with the issue of the last mile. That is the \$64 question, isn't it: 'What are we going to do about the CANs?' We do not have the power to regulate that—you do—but one of the things that we did is that we thought we might be able to provide some stimulus to carriers looking at offering telecommunications into those markets, if not for residences then for businesses. We commissioned Gibson Quai Consulting to do a customer access network study of regional Queensland—if you like, a very thick, detailed market

research exercise saying why people change, how much they want to pay for DSL and what their complaints are. We made that publicly available—it is on the Internet; we can give you a copy of it if you want, too—saying: ‘Look, here it is! We’ve done all the research for you guys. If you take this on board and think you can earn some money and sell some services for people in regional Queensland then please do it.’ That is what we are trying to do. We are trying, as much as we can, to provide that infrastructure and that information for people, with a hope that competition can take over. But really, for fundamental change, the ball is in the court of the federal government.

ACTING CHAIR—Does the Queensland government have any plan to get involved in a commercial undertaking to provide that last mile?

Mr Lucas—Certainly the Queensland government is not likely to be involved in reticulating telecommunications to people, although there are a number of important initiatives that we have undertaken that are relevant. First of all, our electricity utilities—our transmission company, Powerlink, and Ergon, in particular, our regional electricity distributor—are working very cooperatively and looking at doing deals with telcos to improve the competition in provision of bandwidth. But that will not be to local homes; that is a difficulty. I think that, if we started laying an extra telephone line at everyone’s house, that would be probably foolish. The issue of how to get more equitable and competitive access to the line that is there is the \$64 question. The fact that I have two cable television wires going past my house is nothing to be proud of; in fact, it is something to regret, in that we could probably do with one and the money could have gone somewhere else. So I do not see the Queensland government doing that; I see us having a continuing role in aggregating demands to get better infrastructure outcomes that will improve services for people in Queensland. I urge the federal government to do the same, because they can do it even without increasing taxes.

ACTING CHAIR—That is probably a matter of perception as well, Minister. It is just that, throughout this inquiry, it has seemed fairly obvious that the real problem with providing better access is really in the last mile, rather than in the trunk area. So it is not just a simple matter of putting more investment into the major communication links.

Mr Lucas—I know, but it is easier to foster competition in the trunk connection, to use your words. If you do not do that, you can have an incredibly competitive last mile and it would not make the difference either. You need to have both. We cannot as a state in any way do anything about the competition aspects of that last mile. The federal government needs to do that. If we can solve that problem then we will be in a pretty good situation, but, with our electricity utilities, more often substations are not far from local exchanges and you could put a DSLAM there. There are a lot of opportunities to increase that competition in communities. As I said, they are real people in regions and real people in remote Queensland.

Senator LUNDY—I would like to follow up on the question of aggregated demand and make the observation that, prior to Reefnet and other similar strategies, there was no competition in the wholesale market either. The only way to get bandwidth into these towns was in fact Telstra and there was absolutely no competitive pressure, even at that wholesale level. With respect to aggregated demand, obviously the Queensland government has in large part led the way on those types of initiatives. Can you provide a description for the committee of some of the other initiatives you have taken in that area and of how you think you are placing competitive pressure, particularly in that wholesale telecommunications market?

Mr Lucas—One of the great advantages with a project like the Reefnet is that you can look for a win-win situation for a number of organisations. The distance between Cairns and Brisbane is the same as the distance between Brisbane and Melbourne. In the absence of doing anything else, the market would not provide competitive fibre along that length. It is not a question of capacity. I read a while ago that, for example, the capacity used between Brisbane and Sydney with the DWDM is about three percent, so it is not a capacity issue; it is a competition issue.

Senator LUNDY—So the key there was not some sort of interconnection deal because Telstra held the strings? It was not a matter of Telstra selling part of their capacity?

Mr Lucas—No; and that is absolutely. We went to the market to ask how we could have that competition fostered. As I said, what happened with the Reefnet was that we guaranteed \$23½ million a year over five years of our existing spend. So I did not have to go to budget and say, ‘Give me more money please.’ I was not the minister at the time, but the then minister did not have to go to the budget and say, ‘Give us more money to allow us to support this.’ We do not own the Reefnet. If it needs to be repaired, that is the responsibility of Optus and Leightons; it has nothing to do with the Queensland taxpayer.

It was constructed so that it goes up the Queensland Rail right of way, so there were no land acquisition costs. Queensland Rail got four dark fibres out of it, so for providing their land they got four fibres on the Reefnet and they can use that for their telecommunications system. The carriers got competition and the Queensland government paid significantly lower prices for their bandwidth. Of course, that flows on to the ability of telcos to offer competitive prices in regional Queensland.

Senator LUNDY—The model for demand aggregation is that you use taxpayers’ money to help establish the business case for competitors in a given market, and you can do that strategically.

Mr Lucas—It is a bit like when you go to the video store and you get the overnight video and they throw in the weekly as well. If you are a good customer, as the Queensland government are—we spend more than anyone else in telecommunications in Queensland, which is about four percent of the market; that shows you just how big the market is—we can leverage some of that infrastructure.

I will give you some further examples of what we are doing. Mobile telephony is another issue that is important in a state like Queensland. We used to have 100 mobile telephone plans operating for public servants—I imagine taxpayers in Queensland would not have been too keen to know that—in other words, when anyone wanted a phone they just got whatever the plan was. We have now been able to go to the carriers to ask them what they will do in terms of pricing, and we will end up with four pricing plans. Four carriers have submitted their proposals, and a number of them will involve some infrastructure outcomes. So, again, by marshalling our spend—and the process is not finalised yet—the question was what additional mobile telephone towers can we get in places. Putting aside the question of the \$30 billion that they got from the sale of Telstra, there is no question in principle why the federal government cannot use its spend to do that as well. Frankly, I do not care how they pay to give fair coverage to people between Mount Isa and Townsville; it is just the fact that they do it.

Senator LUNDY—Are you aware of any demand aggregation programs by the federal government? I certainly am not.

Mr Lucas—No, I am not. I am very disappointed by that because, in a market of falling prices, they could certainly afford to do that. I want to correct this misapprehension whereby people think that if we go to aggregate demand to get, say, more mobile telephones between Mount Isa and Townsville we have to have big Commonwealth business there. It does not matter to the carriers where the Commonwealth business is located. They need that business to support the business case for them to do other things—it is cross-subsidisation, for want of a better word. So I think very strongly that that is an area in which they can achieve a better outcome.

Senator LUNDY—I would like to turn to the issue of the adequacy of standard telephone services. I note from your submission—and I presume there is additional information in your listening trip document—the differences between connection time standards and time of repair between metropolitan and regional and rural zones. The committee has observed a number of inequities or differences in that response time. Would you reflect on what you have been able to discover in your consultations, particularly around the more rural areas of Queensland, and how that affects service quality for people?

Mr Lucas—Absolutely. If I, as Paul Lucas who lives in Wynnum, have a problem with my telephone—my landline—at home, I will use my mobile telephone. If for some reason my mobile telephone did not work I would go down the road to the corner and ring from a payphone. If that did not work I could probably drive down to the shop, or whatever, to achieve the outcome I wanted. People in rural and remote communities do not have that luxury. They are far more dependent upon telecommunications for living their lives and dealing with their communities. Increasingly—and senators would be aware, as we are as a government—in terms of the problems in the agriculture industry in Australia, one of the ways that we will achieve in the future is by being smarter, being more responsive to international markets, by micromarketing. This can only be supported really by access to quality bandwidth and reliable bandwidth.

If you do not have adequate repair regimes in these communities, people are not going to be prepared to deal with farmer John Smith, who only answers the phone on every fourth day because on the other three days it does not work. Consistency is just as important as individual reliability or quality. People in remote and rural communities made the point very strongly to us about the period of time that they have to wait. I understand that in urban areas there are requirements in terms of providing mobile telephones. That will not do you much good if you are in McKinlay, where they can provide you with a mobile telephone but it will be a very interesting ornament, because there is no coverage. That is a real issue for people in those communities.

Senator LUNDY—We heard in a briefing earlier today from Telstra that for some of those areas, particularly the remote areas, it will take up to six months to provide a permanent telephone service. Did you get much feedback from people you spoke to about the time it takes to establish a permanent telephone service in rural Queensland?

Mr Lucas—That was not a subject that I chiefly discussed with them, but certainly they had concerns about the withdrawal of line staff and technical staff. For example, Roma once had a very large Telstra centre, and the more staff are withdrawn from those centres, the longer it takes for those services to be provided. It is not like withdrawing it from a suburb of a capital city and moving it somewhere else that is an extra 15-minute or half-hour drive. That is a critical issue to them. The flavour you get from talking to people in remote and rural communities in Queensland is that they depend on telephony for business, they depend on it for safety, they depend on it for pleasure, and their communities depend on it for tourism. They expressed a number of concerns to me about the degradation of the rural customer access network—that because it was not, in a classic sense, profitable to Telstra, a lack of attention was paid to it in terms of its need to be maintained and upgraded. It seems that it depended on the federal government making them do it, because there does not seem to be any inclination to do it other than saying: ‘It’s not a business case. You’d better give us some money to do it.’

Senator LUNDY—There is not much competitive pressure out there, is there?

Mr Lucas—No, there is not. That of course is one of the challenges in those communities, in a policy sense—whether you go for more competition or for better monopoly service. Frankly, I suppose that along those rural highways you have to go for a better monopoly service, because it is unlikely that a competitor will put towers along there. But certainly in those rural communities there is every expectation that you could get better competition there in mobile telephony and, of course, with the ability to work with electricity utilities—and if you can master the rural CAN problem—in general telephony as well.

Senator LUNDY—I am familiar with the Queensland government’s Smart State policy and various efforts to drive forward e-commerce and business community related Internet projects. To what extent are the limitations and the unreliable aspects of the telecommunications network inhibiting the Queensland government’s vision for their Smart State? It is obviously a CAN issue, a local loop issue about connectivity, but how much is it an inhibiting factor on you achieving what you want to achieve for this state?

Mr Lucas—As we always like to say, the Smart State does not begin and end in Brisbane, and there are amazing things being done in science and technology, business and farming throughout Queensland. We have a situation whereby up until recently—and I do acknowledge that it has been rectified now—the various Commonwealth funding programs to connect the universities connected all of universities in Australia to the point of south-east Queensland but Central Queensland University and James Cook University were not connected. They are now in a deal with Powerlink, our transmission company on the AARNet, and are going to be linked. I recall the outrageous situation that I heard about when speaking with somebody at James Cook University that, before this current initiative, James Cook’s total bandwidth into the university was 3.2 megabits per second. I know people in Brisbane who get better bandwidth.

ACTING CHAIR—We understand from the two universities that they receive special funding.

Mr Lucas—Yes, I did acknowledge that. That has just recently happened. We applied for NTN money with them and got knocked back. As I said, people actually live outside the south-east corner of Queensland; many people in the Commonwealth do not understand that. But that

was really important and I do thank the Commonwealth for it. One of the great things about information technology is that it does not matter where you live. You are all equal behind the keyboard, provided the keyboard can get there in the first place. Australia's safe and tolerant lifestyle is a key attraction for people wanting to live here. People increasingly want to take the sea change option and live in the country, but you cannot live the country if you cannot do business there because you cannot connect into an adequate bandwidth. It is a key issue in terms of equity and distribution.

We are all concerned, in a population sense, about increasing centralisation in capital cities. How can we let people telecommute—and it is an important issue for job sharing and things like that—and be creative from their own homes if they either cannot get competition for DSL in their suburban house or, if they are in regional and rural communities, they cannot get anything? It is of critical importance. One thing is for sure: just about every undertaking now relies on information technology for its efficiency. Logistics has been both the bane and the benefit of business in Australia, and this is just another highway.

Senator LUNDY—What work is the Queensland government doing with local governments, given local governments are quite often the first with their feet on the ground in establishing an Internet presence and experimenting with providing online services to communities?

Mr Lucas—There are a couple of things on that. First of all, there is a proposal for what we call SmartNet. If you have a look at your maps you will see Proserpine on the coast of Queensland, below Townsville and north of Mackay. If you go across to the border and then up to the tip of the state, that is an area larger than Victoria. Our SmartNet proposal is about aggregating demand for bandwidth in rural and remote communities. If you like, instead of having a small pipe for the hospital, a small pipe for the police and a small pipe for the school, you get a big fat pipe that benefits of all of them, including the local community.

You raised the issue of local government; how is that relevant to that? Local government has a key role when it comes to aggregation. The federal government has national responsibilities that can make it a little more difficult to focus on the micro-level; the state governments can go down further, but local government ultimately have the capacity to go down to that small level. We see them as having a key role in working with us in terms of demand aggregation into those communities. They are the ones who are able to put together the local business consortia, so we think it is very important to encourage the Commonwealth to provide funding to them. One thing that I will compliment the Commonwealth on is that they provided some Networking the Nation funding to the Local Government Association of Queensland for work on portals—

Senator LUNDY—Was that run through the TIGER program?

Mr Lucas—I think the Tasmanian one was the TIGER program.

Senator LUNDY—Possibly.

Mr Lucas—One of the problems for local authorities is that everyone wants to sell them a portal or a way of doing e-business, and when it comes to it they end up paying 50 times more than what they could have paid for it once. This Commonwealth funding is encouraging them to get together and have some sort of uniformity. We have been delighted to work with them using

your money, but it is your project to get some good outcomes. Local governments do have a key role in terms of aggregating that spend. We have written to them as part of the SmartNet procurement process. We look forward to seeing what they can do. Some of the universities have actually come to the party with us in the mobile telephony area. There is no reason why it has to be restricted only to the state government.

Senator MOORE—The information you have given us today is exactly what we are after in terms of individuals and people who have views on these issues. It is very hard for any committee to actually get across the country and get the information. Your report was in response to a particular visit you did which was linked to telecommunications. People were focused on that issue and they came to talk to you on that. I am interested to know in your general discussions with the people across Queensland, through things like community cabinet, whether the issue of telecommunications is one that comes up. Do people want to talk about it?

Mr Lucas—Yes. They want to talk about it usually in the context of discussions about their business or their kids and their schooling. The great thing you need to realise about telecommunications and IT is that they are about enabling things to happen. Frankly, they do not care how many fibres are in the cable that goes up the coast of Queensland. They care about having affordable bandwidth. They also do not want to see the drift of people away from rural communities because they cannot compete there adequately. I received some correspondence from a gentleman the other day who raised the issue of the lack of reliable telecommunication services in his area. He was living in a part of Queensland and he had a really nice lifestyle. We want to encourage people to be decentralised in where they live but, with all the will in the world, it is very difficult to get quality, reliable and low-cost bandwidth. It is a key issue.

This document was prepared and sent to Senator Alston. He has not replied to it yet despite a number of follow-up letters from me. I think that is quite a pity because this is bigger than politics. If he wants to say, ‘This is what we are doing’ or, ‘This is what needs to be done’ that is fine, but he has not done that. Whether he wants to reply—

ACTING CHAIR—I am sure he is reading it very carefully.

Mr Lucas—Whether he wants to reply to Paul Lucas or not does not particularly worry me too much, but I think the people who came to my meetings deserve the courtesy of a response at least because it is important to them. Senator, you spoke about some of the things that people have raised with me. Once upon a time, correspondence school or School of the Air by radio, which is what you did in a rural community, was very much the poor cousin. Now, with adequate bandwidth, you can sit at home and the services are just as good, if not better, than what someone might get at university, for example, by going to lectures. You can store it and you can watch it when you want. If we want to make sure that kids in rural communities stay there for longer and get the benefits of modern technology, then we have to address the issues that deprive them of that.

Senator MOORE—The issue of the education process has been brought up regularly to this committee. We heard evidence in Cairns, Rockhampton and from Townsville and there was a particular issue raised by people who operate education networks in North Queensland about their concerns about the costs of providing equitable access across their whole coverage area. We heard from the Townsville Catholic Education Office, who raised huge figures in their

budget to maintain access to basic online services for all their schools. Their major issue was trying to maintain that service and also trying to link in with state government. Are you aware of any initiatives between the state government system and organisations such as Catholic education groups to try and maximise service delivery?

Mr Lucas—I am not aware of that. I am certainly happy to make some inquiries in relation to that.

Senator MOORE—That would be good.

Mr Lucas—In principle, with respect to SmartNet, there may indeed be some opportunities for them to look at what we are doing as a state with our state schools. I am more than happy to take that issue up as far as we can. Once upon a time, computers sat in the corners of classrooms and people put a program in and did something. We now realise that you do not do computers—you do English and use computers; you do history and use computers. But if they are not pervasive then people will not use them. I call it the ‘fridge door policy’ of the Internet. If I want a drink of milk, I go to the fridge, open the door, get the milk out, pour it out, drink it and close the door again. Access to the Internet for people in the community is not like that yet. You have to sit there, dial up, think about how much this is costing you and how long it takes to get. Once it takes off, it really will take off, but we need to understand that. Also, we need to understand that children are a driver of Internet and telecommunications use. I am not just talking about the SMS messages that they seem to send themselves all the time, but about the fact that they are very hungry to use computers and bandwidth. Once you convert them, they will be converted for life, so it is really important to encourage that.

Senator MOORE—As you know, at the same time as this we are having some discussions with libraries about library networks, and we have had evidence from a couple of libraries in Queensland about the fact that they have Networking the Nation sites and that they have now in their libraries computers provided through the funding from Networking the Nation. But that has a limited lifespan. Has there been any discussion with the state government or with local government about what is going to happen once that original seed funding goes? What will happen to those processes?

Mr Lucas—There are two issues about that. Firstly, I will make a comment about Commonwealth policy when it comes to funding things. They seem to have a great preference for funding good programs and getting them operating and then—and this has been a part of the problem with a number of NTN programs—walking away and leaving people up in the air and looking elsewhere for funding sources. I do not think it is fair to them to do that. I cannot speak for local governments, but I know that, for example, Brisbane City Council is very active in terms of placements of computers in its libraries. Also, I am fairly sure—and I can get the committee some information on this—that my ministerial colleague, the Hon. Matt Foley, Minister for the Arts with responsibility for libraries, has a number of programs to encourage the provision of computing and bandwidth in libraries. But that is not my direct ministerial area, so I will have to get some information for the committee on that.

Senator MOORE—You have provided all this information to us, and it is full of detail and comment about service delivery and what we can do into the future. Have you had similar discussions with Telstra?

Mr Lucas—Yes. I frequently have robust discussions with all of the telecommunications providers. I am quite agnostic when it comes to telecommunications providers. I do not care who provides telecommunications; I just tell them I want them to work as hard as possible for the money that they earn, so that we can get better services for people. There are a number of aspects to the situation. I think Telstra can do a better job, but I also concede that, because they are not fully government owned—and do not blame me that they are not fully government owned—and they have shareholder responsibilities, it means that in areas where provision of infrastructure is not economic it is very difficult for them to justify that. That is where the Commonwealth government have to step into doing that.

For starters, the stick of the market is a good one to use on telcos. Secondly, there is the pressure of public opinion. Thirdly, the government has a role where Telstra do have a legitimate point in terms of their inability to economically provide infrastructure. We are doing our part with demand aggregation and the Commonwealth has done part of its job with respect to the \$30 billion it got from the sale of half of Telstra. It has not done the full job, which it should, and it would appear that it is not yet doing the job in demand aggregation, which it can do without increasing taxes.

ACTING CHAIR—That concludes today's public hearing in relation to the committee's inquiry into Australia's telecommunications network.

Senator LUNDY—I understand we were not able to schedule Mr Steve Mason from the CEPU. I have got some questions prepared that I would like to submit to him through the committee so he can respond to them.

ACTING CHAIR—Are there any objections? As there are not, you may certainly do that. I thank the witnesses for their informative and comprehensive—perhaps robust, Minister!—presentations.

Committee adjourned at 1.36 p.m.