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# Official Committee Hansard

## SENATE

ENVIRONMENT, COMMUNICATIONS, INFORMATION  
TECHNOLOGY AND THE ARTS REFERENCES COMMITTEE

**Reference: Australian telecommunications network**

TUESDAY, 20 MAY 2003

NEWCASTLE

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

**Tuesday, 20 May 2003**

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

**Substitute members:** Senator Moore for Senator Wong

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

**Senators in attendance:** Senators Lundy, Mackay, Moore, Tchen and Tierney

**Terms of reference for the inquiry:**

To inquire into and report on:

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

**WITNESSES**

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**Committee met at 11.07 a.m.****BROOKE, Ms Vicki (Private capacity)****WILSON, Mr Grahame (Private capacity)**

**ACTING CHAIR (Senator Tierney)**—I declare open this public hearing of the Senate's Environment, Communications, Information Technology and the Arts References Committee and welcome everyone here today. Let me state at the outset how pleased I am that the inquiry has come to Newcastle. It will give my colleagues on the committee an opportunity to hear first hand the experiences of living in this wonderful part of New South Wales. Already we have been to the Telstra Centre and looked at the work they are doing there in communications. We are starting this morning with a hearing of the telecommunications inquiry and this afternoon we will be switching to the online library inquiry. I welcome our first witnesses. Thank you for your time today. It is very much appreciated. The committee has before it your submission, which we have already published. Would you like to make any alterations or corrections?

**Ms Brooke**—No.

**ACTING CHAIR**—The committee prefers that all evidence be given in public, but if at any time you wish to give any evidence, part of evidence or answers to any questions in camera, you may make that request. The committee will consider the request, but such evidence may subsequently be made public by order of the Senate. You are reminded that evidence 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 an opening statement before we move to questions.

**Ms Brooke**—Thank you for inviting Grahame Wilson and me to speak to this inquiry today. We made our submission to the inquiry on 30 September 2002. I would like to summarise its main points, but before I do so I would like to reiterate the statement made in our submission that neither of us have worked in the communications industry nor do we have any pecuniary interest in any telco. We are approaching this more as informed end-users than from a base of expertise in telephony.

We oppose the sale of the 50.1 per cent balance of Telstra for a number of reasons. Firstly, there is the issue of ownership and the sale of public infrastructure to private interests, with a potential lack of control by the Australian government in ensuring service delivery, competitive pricing and high standards. Secondly, there is the likelihood of privatisation, possibly to foreign-owned corporations, if Australia yields to demands under the WTO's current GATS negotiations. Thirdly, there are important security and strategic implications for Australia's cable network, which includes the overseas cable to San Francisco, if the Australian government loses control of the network to private interests.

Fourthly, there has been no open public debate and transparency in any negotiations regarding a potential sale of the balance of Telstra, and no negotiations into the sale should proceed without a fully informed public debate and wide-ranging inquiry into its long-term implications for the Australian telecommunications industry. We propose the formation of a cable network authority to design, manage and maintain Australia's line, terminal and cable infrastructure. Part

of this infrastructure would have to be purchased from the privatised portion of Telstra. It would leave Telstra with its subscriber base, exchanges and ancillary services. The cable network authority concept means that ownership of the Australian cable network would be retained in public hands and subject to government control and regulation. It would help to solve the problem of parallel networks and the ownership issue. It would also foster true competition, free of the burden of cable ownership, by giving equitable access to all telcos, helping them to ensure quality of service delivery and competitive pricing for all Australians.

Telecommunications is a rapidly changing, complex and interconnected field, and there is no one convenient solution. We are appalled at the service delivery failure of Telstra's Internet service in metropolitan areas such as the Sydney statistical district, where connection speeds fall as low as 12 kbps, let alone remote and regional Australia. The rush to deliver a minimum 14.4 kbps to remote and regional Australia still falls short of Telstra's promised minimum service delivery of 19.2 kbps, and is considerably less than the standard for modern modems, which is about 49 kbps to 54 kbps for a V.90, 56-kbps modem.

Broadband is but one of many solutions to service delivery, and we need to examine our options to meet Australia's long-term telecommunications needs. We propose the replacement of the dated copper network with fibre optics for the main backbone and that that be supplemented with wireless technologies. The cost per kilometre of laying cable could be substantially alleviated in the country, where local councils, farmers and other organisations could install cables along fence lines, connecting homesteads to the exchange. This would be analogous to the precedent of SBS in the broadcasting industry.

Finally, a far-reaching national inquiry is urgently needed to form a coherent strategy, rather than dealing with issues on a piecemeal basis, as there are many complex issues in both technology convergence and corporate restructuring. Since we made our submission in September last year there have been further significant developments in telecommunications and in telecommunications thinking. If the committee is agreeable, Mr Wilson would like to summarise potential future directions for Australian telecommunications and submit his summary as an appendix to our original submission.

**Mr Wilson**—This summary is basically just an amplification of what we already have in our submission, with some points of clarification. There is no really new stuff; it just cleans up what we have said.

**Senator LUNDY**—Thank you for your submission. I would like to work through some of the major points you identify in your summary. First of all, I want to talk about dial-up Internet services. You say that the services are effectively unacceptable. How do you characterise what is unacceptable about them? What are the major frustrations that you either experience as a user or are aware of amongst other users about the inadequacy of dial-up connections to the Internet?

**Ms Brooke**—I experience a speed of between 12 kbps and 14.4 kbps, which is hopeless. For example, you cannot download pictures—JPEG files take forever—and even email is slow. It is just like subsistence surviving—you cannot get any enhanced services whatsoever. You could not do anything with web sites or anything like that.

**Mr Wilson**—Basically, it is text email.

**Ms Brooke**—Yes, that is right.

**Senator LUNDY**—So can you have attachments with your email?

**Ms Brooke**—Yes, you can do the basic things like that, but you really cannot do anything further. Mr Wilson can tell you more about web sites and what you cannot do when the connection is at such a low speed. It is not a high enough speed to do anything effective. We are saying that even the Telstra standard of 19.2 kbps is not enough. You really should be up around 48 kbps to do something.

**Senator LUNDY**—Perhaps if I ask Mr Wilson about that area. The government have said, as a result of the Estens report, that they think 19.2 kbps is an appropriate minimum standard for data speeds. What is your response to that and what is your experience with connections at that speed or lower?

**Mr Wilson**—That it is extremely frustrating to use. That is only double what you would get using a GSM phone for data.

**Senator LUNDY**—Which is 9.6 kbps, the standard, isn't it?

**Mr Wilson**—Yes. I have used that—I was using that when I was in South Australia, in places like Roxby Downs, last year. The Telstra service was the only one available, much to the concern of my colleagues, who all had Optus phones. It was extremely difficult, especially if someone decided to send you an attachment and you wanted to get through your emails. You have 20 or 30 emails coming down the line and suddenly there is a large one with a one-megabyte attachment to it. You might as well give up. Then you have to use special techniques to try to delete that from the server so that you can get the rest of them. Otherwise, it just becomes ridiculous. That is at a speed of 9.6 kbps. It is not much better at 19 kbps, and it can be very frustrating even at 33 kbps, and then of course you start to get into the more normal speeds, the forties and early fifties, which you can get in certain parts of the metropolitan area.

The main concern that I have is that, in the new Sydney-Wollongong area, in the rapidly growing areas of the Central Coast and in Western Sydney, reception is at speeds that are lower than I received in major outback towns like Broken Hill or Cobar and places like that which are very close to the Telstra network or their high-speed data networks, which are essentially the same as Sydney services. But it is different once you get into the outlying areas of Sydney. Kemps Creek is a classic example, where there is no ADSL service, the modem speeds are a maximum of 28.8 kbps and you have customers timing the service at various times of the day—because the noise levels on the lines fluctuate—so they can select the optimum time of the day, when there is minimum noise and minimum traffic so that they can get on at a speed of 28 kbps rather than, say, 14 kbps. This is a major problem.

**Senator LUNDY**—So the dial-up speed actually varies.

**Mr Wilson**—This is just the plain dial-up speed that is varying.

**Senator LUNDY**—Do you know why that is the case? Is it because a RIM is being used, or some type of pair gain, to limit the connection speed?

**Mr Wilson**—It is hard to say, because as I said as an end user you are never quite sure what is on the end of the line. It is very difficult. There are all sorts of reasons why people like me would not have access to this information. There are Telstra security reasons. There are proprietary reasons that Telstra do not want to tell you. There are all sorts of infrastructure reasons that they do not want to go into. So you are never quite sure what the problem is. Again, this is a major problem. You have this technology that is essentially locked behind the corporate structure, so someone from the outside finds it extremely difficult to bridge that gap and find out what is going on on the other side. You get anecdotal information from people on the inside, but it is sometimes very difficult.

**Senator LUNDY**—Keep going.

**Mr Wilson**—It is just that, as I said, I tackle this from the end user's perspective. I have also seen it as an end user who has lived and worked overseas, where a part of my job was to use telecommunication circuits. It is possible to do a comparison between the services here and the services overseas.

**Senator LUNDY**—And what are your observations?

**Mr Wilson**—One of the most interesting observations was when I was living in Vienna for a while. I first went there in 1990 to live—these are for short periods. When I first went there, the apartment I was living in had a party line and used pre World War II relays. Somebody in another part of the building would lift up the phone, and you would hear the click in your apartment as the party line went through. Ten years later, all of that had gone. Almost every single cable in Vienna has been changed.

When I was there in 1990, there was huge construction of fibre optics extending right across Europe. Driving from Vienna to Salzburg, you would see huge drums of cable, 10 to 12 feet in diameter, which were the fibre optics going in. When those are fully in, it will be a very different service. In my apartment in Vienna, in 1990, the service was as good as any. Within a 10-year period, they went from a pre World War II communication service—and a very expensive one—to an extremely modern one. In other words, the change over that 10-year period was absolutely phenomenal.

Here, our service was nowhere near as bad as that. Even 30 years ago, it was a comparatively good service in the metropolitan area for voice. But in those 30 years, not much has happened that I have noticed to improve the copper pairs in the ground. Yes, there is a lot of trunking stuff between inner cities, and there are high-speed data networks between cities, but the problem is when it comes to the area of distribution—in other words, the bit that goes out to the subscriber. A way of looking at it is that it is like a tree. There is a main trunking route which is very high speed. Then the little branches go out and get to the leaves at the end. That is the part where the problem is, all across the network in various areas. Sure, in the capital cities and relatively close to an exchange, there is not any problem and most people have reasonably good dial-up access. Some people have access to ADSL and so on. But once you get anywhere outside that, or on the periphery, we seem to have problems. That is from my experience going around looking at different people's services, and things that I am involved in on a day-to-day basis. I spent an inordinate amount of time trying to make modems work on lines a bit faster, and it is very frustrating.

**Senator LUNDY**—When you could not get a faster speed and made a complaint about that, were you at any point told by Telstra that it was your fault, that it was not their infrastructure? Was that part of the frustration?

**Mr Wilson**—In my experience, they rarely do that. What normally happens is that you go into a Mexican stand-off. Nothing happens. They say, ‘We’ll investigate it,’ or something like that, and nothing much happens. In the case of Kemps Creek it was not me that spent a lot of time; it was mainly the customer who was spending time with Telstra. Telstra told them outright, ‘There isn’t any ADSL service available.’ Why? Because it is more than X distance from the telephone exchange—the Penrith exchange if I recall—so it is too far; it is outside the boundary of long distance. That is another problem with ADSL—the fact that the ordinary voice penetrates a much greater distance down a copper telephone line than the ADSL does.

**Senator LUNDY**—We are familiar with the limitations of ADSL.

**Mr Wilson**—So this person could not get ADSL and yet still had this very bad copper circuit which continued to be a problem. There are people in that area that I know who are looking at all sorts of alternatives—microwave links, satellites, all sorts of things—just to get themselves out of trouble.

**Senator LUNDY**—I want to move onto the big picture, but before I do, what about line drop-outs with the dial-up connections? Has that been an element of your frustration?

**Mr Wilson**—Absolutely.

**Senator LUNDY**—Could each of you just tell me a little bit about your experiences with line drop-outs?

**Mr Wilson**—I have not quantified it here, but I use Telstra’s BigPond and I also use Optus. I use essentially three ISPs, because when one drops out you can log onto the next one so that you are not held up when the system goes down. There are several problems, of course. There is the line problem, and there is the ISP who throws you off the line. One of the major problems—it annoys me enormously, and it annoys many, many users—is when the Telstra system is busy. This applies to most ISPs, but Telstra seems to be the worst. It certainly was about a year ago. I do not think it is quite as bad now, but it is very hard to tell unless you actually measure these things and you have a proper quantitative measure. I could probably do this by going back and looking at log files and so on, but it is a very time-consuming process.

One of the problems is that Telstra seems to be incapable of making sure that the servers which answer the phone lines are turned off. I am trying to put this in simple terms. The modems that automatically answer the line when you dial in are connected to pre-servers in a big system like that. These are managing servers that manage the line. When the main or kernel system is busy, these peripheral servers that service the telephone line do not come back and say, ‘Sorry, do not answer that modem’—in other words, ‘Modem, do not answer that line.’ So the modem answers and you do not get any further, which means that Telstra collects the call cost. It is very convenient for Telstra.

**Senator LUNDY**—Really?

**Mr Wilson**—Of course. The modem answers the line, it sits there and you go into a deadly embrace where nothing happens.

**Senator LUNDY**—So does Telstra clock up the local call cost?

**Mr Wilson**—Yes.

**Senator LUNDY**—Are the ISPs responsible for setting up the system so it answers the modem handshake, but, perhaps because of the capacity—the number of users—it does not actually complete the handshake and allow data to flow?

**Mr Wilson**—Absolutely. In other words, it is a false answer rather than the other way.

**Senator LUNDY**—So do all ISPs do that, or just BigPond?

**Mr Wilson**—I think most of them do it. There is no reason for it. It is to do with—

**Senator LUNDY**—Sorry, that noise is probably caused by my phone ringing.

**Mr Wilson**—That is another complaint of mine.

**Senator LUNDY**—Feel free to complain; I do apologise. It is on silent, but you can still hear it come through the system.

**Mr Wilson**—No, I mean the fact that it interferes is a limitation in that technology. But, on that matter, I find the fact that the systems automatically default answer when the system is incapable of servicing a call is a very serious issue. I would go so far as to say that I personally pay, every quarter, probably \$50 to \$100 extra in failed calls. There are other calls, of course, like being thrown off the system after a very short period of time.

**Senator LUNDY**—Can you talk very briefly about line drop-outs? I think every Internet user has experienced it: they are in the midst of a dial-up connection and suddenly they get asked if they want to reconnect, so something has fallen over.

**Mr Wilson**—It is a major problem.

**Senator LUNDY**—Ms Brooke, you are nodding your head as well. You have both obviously experienced that.

**Ms Brooke**—Yes.

**Mr Wilson**—Yes. You are on the Central Coast and I am in Glebe. I live only a kilometre or so from the telephone exchange.

**Senator LUNDY**—And you have experienced line drop-out?

**Mr Wilson**—Oh, yes!

**Senator LUNDY**—Would it be every time you dial up? Would it be daily that you would get drop-out?

**Mr Wilson**—Some days it is very bad. Other days you are fine. Then there is also the Telstra throw-off, the log-off period as well.

**Senator LUNDY**—What is that?

**Mr Wilson**—You get a statutory period of time. I will give you an example. You may have a six-hour limit. If you stay online, you might have an indefinite time limit, but you only have a six-hour connect.

**Senator LUNDY**—Do they say this in their package, up front?

**Mr Wilson**—Yes, they do. Mine at the moment, which is more expensive, is a 12-hour one. But often I do not make the 12 hours; I get thrown off well before that.

**Senator LUNDY**—When you say ‘thrown off’, are you implying that is a conscious decision by the ISP to terminate that connection?

**Mr Wilson**—I do not say it is conscious; I say that what happens is that the server throws you off. The other annoying facility is that you do not just get thrown off the system; some of the protocols just do not work. For example, the POP or the SMTP mail servers fail to work. If I logged on at 9 o’clock in the morning and collected my mail, at 2 o’clock in the afternoon I would still be logged onto a 12-hour session. If I then went and checked my mail again, I might suddenly find that the POP and the SMTP services are no longer working, yet you have no idea of that until you actually go there. To fix it, you log off, dial in again and pay your extra connect fee—and invariably it works.

**Senator LUNDY**—It sounds like there is quite an insidious bag of tricks used by ISPs—

**Mr Wilson**—It is very clever.

**Senator LUNDY**—What is in it for the ISP though? If it is not BigPond, they do not get the revenue from the additional call, so what is in it for them to do that sort of thing?

**Mr Wilson**—When there is a load on the system and they see an IP address is logged in—and the servers are a bit overloaded and the buffers are a bit full—they purge you. You were first in and probably first out of the system. You are not using the service and you are holding up an IP address, so they say, ‘Well, just clear him off.’ They do not tell you that in the fine print. That is why users go to a lot of trouble to use what is called ‘keep alive’ software where the software simulates the use of the network. Of course, people like Telstra and the ISPs then try to detect the keep alive software to figure out how to deal with it. It is a game. But at the end of the day when you get thrown off the system Telstra always benefits if you are on the standard line, assuming you are using Telstra. If you are dialling into OzEmail, for example, Telstra will collect all the failures from the redials from having to reconnect to OzEmail, so Telstra gets double dips in most cases. You cannot prove this of course but the fact is that when you have a system which fails the way it does it always fails in favour of the ISP or Telstra. It does not fail in our favour

and there is no way of recouping your local call cost. It adds up to a very substantial amount of money in three months. It can add up to \$50 or \$100 to an Internet user.

**Senator LUNDY**—Ms Brooke, could you comment briefly on your experience with line drop-outs? In your submission you make reference to the limitations associated with broadband packages, particularly download limits on the volume of data. Could you comment on that because I am looking for some feedback?

**Ms Brooke**—My experience of course is not as detailed as Mr Wilson's because my expertise is rather more limited. I do experience drop-outs. I am an OzEmail subscriber and frequently the whole service drops out and, as Mr Wilson said, you do not get into the POP server, you get an error message and you just get tired of dialling up. That happens very frequently. You cannot download big files. It just goes on and on and it becomes a trial. Instead of something that is a useful tool that we have acquired over the past eight to 10 years, it is now becoming a nightmare, because much of our communications is structured around it. I think it indicates how much Australian is lagging behind. We were at the forefront for a while—and we were ahead of Vienna—but now we are running backwards and we are not really headed in the right direction, I would say.

**Senator LUNDY**—Your submission makes that very clear. Mr Wilson, do you use a product with a download limit?

**Mr Wilson**—With respect to the ADSL and the broadband services, that is a major problem for a lot of users. A lot of services that you log onto are perennially updating information, especially ads, pop-up screens and so on. They download Java or script files, which in turn download more information. In a high-speed circuit, like an ADSL circuit—it is not as bad in dial-up services, and that is why you do not generally have the same kind of limits—

**Senator LUNDY**—Were you conscious of the data load? It slows things down, doesn't it?

**Mr Wilson**—That is right. With ADSL, if you are logged on all day and you accidentally leave yourself on some of these sites that are forever downloading bits of information that you do not necessarily want—and one of my colleagues accidentally did it the other day—the bill can be astronomical. My colleague said, 'How the hell did that happen?' He suddenly realised what it was. A lot of users do not wake up until they go through a couple of bills that are outrageously high. Then suddenly people have to put in ad-blocking software. They have to go to a lot of trouble. A lot of these things are not immediately obvious, and that is why some of these download limits are set like they are. It is actually a very clever marketing ploy. You have to be very careful. I would prefer to use broadband because of the way I work, but I normally use dial-up. I have been sitting on the fence for ages. I set up other people's ADSL services and so on, but I will not use them myself. With the kind of work I do, it is quite possible that I will leave the system up and end up with a huge bill at the end of the day. I normally avoid that.

**Senator LUNDY**—Your submission advocates a different way of managing telecommunications in Australia to achieve our far greater potential. In your submission you develop the concept of a cable network authority. Could you explain briefly why you think this radical solution is necessary to get us out of the situation we currently find ourselves in? Do you think it is that bad?

**Mr Wilson**—Anyone who watched the Optus roll-out will be aware of how big an undertaking it was. The Optus roll-out was a huge undertaking, and I am glad I was not involved in its planning. At the end of the day, Australian subscribers are going to have to pay for every cent of that parallel operation. It is analogous to putting in a second set of water pipes or gas pipes or electricity in the street. I look at it from a utilitarian aspect. In other words, here is a service that is essentially a utility. I have amplified on that in this other document. I have said that where cables pass through council, state, Commonwealth and, for that matter, private properties it is a completely different scenario to that of providing telephone exchange ancillary services on the line. Logically, a telecommunications service is the hardwired infrastructure, but the many protocols and applications you put on it could be put on any network. The infrastructure and the physical laying of cables in the street is a very different proposition to running the technology on the cable. It is totally and logically different. It does not make sense, in a country that has a huge area like ours, to roll out cables in parallel operations in the same way. The manpower, the human effort involved, to parallel two or three operations—and the eventual cost to subscribers—is just ludicrous.

In my ancillary paper I talked about the situation in the United States, and about the demarcation issues and the problems that they have there. For example, my brother lives in Philadelphia. He has ADSL from one supplier and dial-up from another one. He cannot get the two from the same telco, and so he gets different bills at the end of the month. It is a real mess.

**ACTING CHAIR**—I would like to start on the area of your cable network authority idea. Are there any other countries that have done this?

**Mr Wilson**—This proposal was initially put forward by Kerry Stokes of the Seven Network, back in his Boyer lectures of 1993. He suggested that for almost the same reasons that I do.

**ACTING CHAIR**—But no other country actually has one?

**Mr Wilson**—No, not as far as I know.

**ACTING CHAIR**—You do not think that perhaps, along the lines of the Kerry Stokes idea, that the time to do it, if we were going to do it, might have been 1993?

**Mr Wilson**—Absolutely.

**ACTING CHAIR**—That would have been before the networks were rolled out as they have been today. Don't we really have to deal with the reality today? How could that concept work, now that we have the networks that we do?

**Mr Wilson**—In my opinion it is possible, because of the quantum change in the technology that has occurred in recent times. A lot of the technology is a lot cheaper now. For example, GSM phones are now ubiquitous and people chuck them out after 12 months because they do not like the appearance of them, not because they do not work. Once upon a time, a mobile phone cost you many months salary. That also applies to fibre-optic cables. It applies very much to the very modern light-amplifying circuits, where power is not required to amplify circuits. There are some really amazing technological developments that have occurred here. With things like fibre-optic cables, you do not have any power safety issues, and you have a whole set of scenarios

where, for the first time, people like councils—semiskilled people—can roll out cables across their properties and across large areas of the countryside. In other words it is, if you like, a do-it-yourself network in parts of Australia. Because of the technology, the new standards, the new types of cables and so on and so forth, a lot of this can be done outside the main telco's control

**ACTING CHAIR**—But, looking at the reality of where we are at, it seems as though the proposal for a cable network authority implies that you would ring fence the core assets of Telstra. Just going back to your comments, Ms Brooke, you think that that should be in public ownership entirely—

**Ms Brooke**—Yes.

**ACTING CHAIR**—But we are in a position now where we have sold half of Telstra and so, if we followed your idea, how would we do it? What is your cost estimate, for example, for buying back core assets into a public authority?

**Ms Brooke**—I appreciate this is a really complex question, and we did not propose it lightly. But, on the other hand, we have not actually gone into the costs in detail, although I believe Mr Lindsay Tanner, the opposition spokesperson on communications, has actually addressed that issue in more detail.

**ACTING CHAIR**—Can you recall what costing he put on such a thing?

**Ms Brooke**—I cannot, because I have not actually focused on that.

**Senator TCHEN**—I do not think he did either, because he did not go into it in detail.

**Mr Wilson**—I have said in my ancillary paper that that is an extremely complex issue and I think that we have got ourselves into a bind. To get out of it, we really have to tackle this in a totally different way. We are now in a situation, in my opinion, where we have got ourselves into terrible trouble. We have used an approach that is used in countries where there is a huge population, like the US and Europe. We have used some of those corporate structure approaches, which are appropriate there and not appropriate here because of our smaller population and huge area.

**ACTING CHAIR**—But how many countries—let us take size out of the issue; we can even talk about small countries—have the main ownership of the telco in public hands, as you are advocating?

**Mr Wilson**—I cannot tell you. I do not know the current figure. Until recently, of course—

**ACTING CHAIR**—There is only Iceland, actually. Even Cuba has foreign interests owning part of their telco.

**Ms Brooke**—Is that any argument for privatisation, simply because there is a precedent in other countries?

**ACTING CHAIR**—You do not seem to have any precedents for your model; that is what I am saying. If this is the practice across the world in terms of communications ownership structures—

**Mr Wilson**—We do have a precedent, with respect.

**ACTING CHAIR**—We then have to weigh up your idea of going to a model which has not really been adopted anywhere but Iceland.

**Mr Wilson**—We do have a precedent. For the first 100 years of the PMG and Telecom, it was in public hands, as was the case in every country in the world.

**ACTING CHAIR**—Would you like to comment on their level of service?

**Mr Wilson**—I would suggest to you that the level of service of Telecom, in the exchange and technical infrastructure, from about the mid-sixties through to the mid-eighties—that 20-year period—was extremely good. The costing is another matter altogether.

**ACTING CHAIR**—Customer service back in that era?

**Mr Wilson**—That was pretty pathetic.

**ACTING CHAIR**—Exactly; that is my memory of it as well.

**Senator MACKAY**—More pathetic than now?

**ACTING CHAIR**—Also with respect to the fix-up of faults and times, we have really come light years from where it was under a monopoly structure, which you seem to be advocating.

**Mr Wilson**—I would suggest to you that it is a very bad indictment of our government and our public infrastructures when we have to sell off public entities because the government and the bureaucrats are not capable of managing an enterprise efficiently.

**ACTING CHAIR**—I don't think that is really the reason, is it? We have Optus and we have other companies. World experience shows that private enterprise can run this area. Could I suggest something to you as an alternative, and you might want to challenge this: why can't you run a system where private enterprise runs a telco and government sets the regulations, such as universal service obligations and a customer service guarantee, which we do for Optus? Why couldn't you have Telstra in that position as well?

**Mr Wilson**—You can but, as Senator Lundy said, you will be micro-managing—

**ACTING CHAIR**—Surely it exists already with Optus.

**Mr Wilson**—Yes, but what about when you have to deal with the minutiae, such as Telstra turning you off, with an Internet service provider, and it costs you money? This is just one example of the thousands of things they are capable of doing.

**ACTING CHAIR**—Isn't it better to develop competition in the system? Isn't that a better way to go?

**Mr Wilson**—It may be, but how do you bring that into being? Last December I was in Roxby Downs. I went over there with a whole group of technocrats. One of us had a CDMA phone and I had a Telstra GSM phone. Everyone else had Optus. I can assure you that from Cobar onwards, you could forget about it. Optus was a no-no. So we had a thousand miles of no Optus and only Telstra. So much for competition.

**ACTING CHAIR**—Say we go back to your monopoly position of a central government authority network. Of course, we are in an era of very rapidly changing technology. We have an old copper network and obviously new technologies are coming on—the development of optic fibre, wireless and all sorts of technologies. How do we fund the redevelopment and expansion of the network under your model? Where do the dollars come from?

**Mr Wilson**—I have proposed that in a system where you would have a cable authority, the cable authority would have several roles. One of them would be to set the standards, and another would be to provide universal access to all the telcos.

**ACTING CHAIR**—The question relates to the funding of it. 'How do you finance it?' is the question.

**Mr Wilson**—The financing is done on an at-cost basis. In other words, you have an organisation that provides the cabling, and it charges that out on an at-cost basis. It becomes a revenue neutral operation to the telcos. Of course, there is a major problem here, I acknowledge that. That major problem is making sure that the cable authority is efficient and does not become another ancient telecom infrastructure. But, once again, not being able to manage a cable authority is not necessarily the key point. There is another very important issue. I have suggested that in outlying areas the costs can be taken up by the people who want to use the service. In other words, they can have do-it-yourself installations.

**ACTING CHAIR**—We have actually covered that point. I am sorry, we are really short of time. I have just one other question to ask Ms Brooke about her opening comments. She said she did not want overseas ownership of Telstra. With the sales of the first tranche and second tranche there were limits which meant that no more than 35 per cent of Telstra can be owned by all foreign companies in total; no one foreign company can own more than five per cent. They are the current rules. Of course, you have a capital injection into a country, and that is the way Australia has actually developed railways, roads et cetera. That was traditionally done. So why would we not avail ourselves of that? What is the problem with getting that foreign capital in?

**Ms Brooke**—I think with telecommunications you are dealing with a different sensitivity level than you are with, say, railroads. With telecommunications, as I alluded in my opening statement, we have got the overseas cable for San Francisco and issues of national security and national strategy—

**ACTING CHAIR**—Why is there a security issue when the maximum that one company can own is five per cent? They do not have ownership; they do not control the company, so why is that a security problem?

**Ms Brooke**—To be perfectly honest, I am concerned that the government says one thing but other things end up happening.

**ACTING CHAIR**—Those are the rules. They cannot exceed that.

**Ms Brooke**—We have also been promised open and frank debate by the Minister for Trade, Mark Vaile, and I am not seeing this—

**ACTING CHAIR**—But to change those rules you have actually got to get them through the Senate.

**Senator MACKAY**—What are you talking about?

**Ms Brooke**—We are talking about the level of foreign ownership limit of five per cent.

**ACTING CHAIR**—That is a legislative limit and it would have to be changed by the Senate, which I cannot really see happening. So I do not see it as a problem.

**Senator MACKAY**—Why are we having this big argument now? We can have it in the Senate—

**ACTING CHAIR**—The statement was made at the start that we should not have any foreign ownership, and that is what we are discussing.

**Ms Brooke**—That is right. But the WTO passes sanctions against people who do not follow what it wants, as we have seen with the case of Canadian salmon. We have a rule about five per cent. Our government is being overruled on certain issues, so I do not regard that as sufficient protection, and that is why I am raising concerns. There are a whole lot of other issues here as well. It is not just foreign ownership; it is the fact that Telstra should not have been sold off in the first place. It is an Australian public asset. But, okay, we have faced the fact that we have lost 49.9 per cent of it. What do we do now? We are trying to recoup—

**ACTING CHAIR**—The Australian shareholders own it.

**Ms Brooke**—and maintain public ownership of the invested infrastructure, which is the cable network. You asked how we can finance it. We say that it does not have to be the huge roll-out of cost that you might have had in installing the copper network. We have been quoted a figure of \$36,000 per kilometre to install cabling—and that was by a Telstra Country Wide person at a breakfast 10 days ago talking about installing network on the Central Coast. We do not think it needs to be anything like that expense, because you now have other options. Technology has changed. End-users can install it. All Telstra has to supply are the main trunking routes.

By keeping that ownership within Australian government control, it has the regulation of that authority. It can then put things out to competitive tender and people can compete with one another. We would then have true competition. At the moment, you have lopsided competition because Telstra is both the hardware owner and a software player, whereas Optus and Vodafone do not have the same input. It is a lopsided system.

**ACTING CHAIR**—It should encourage more competition.

**Senator MACKAY**—I am really interested in the section of the submission on GATS. One of the things that I have been tracking is the initial ask from the EU with respect to communications and post. There are traps for young players in the proposed free trade agreement with the United States as well, so that is an issue. I agree with you when you say there is appalling ignorance amongst politicians about these issues. That is one of the issues that we are going to have to start focusing on, because it was really the public that stopped the AI, for example, through an Internet campaign. Are you aware that over GATS there was a lot of public pressure? The ‘asks’ from other countries to Australia have now been made public on a web site, which is good, but at any time over the next 18 months they can be resubmitted or added to. I agree with you entirely—and I think this is a problem for all parties—that there is in fact no legislative scrutiny or capacity for that. Take Australia Post, which is a cleaner example. That could be deregulated through the provisions of GATS and the European Union with no recourse whatsoever to the parliament.

**Ms Brooke**—That is right.

**Senator MACKAY**—Even in the United States they have votes on free trade agreements et cetera. Recently congress has set up a subcommittee on the Australian free trade agreement, but in our country we do not have that capacity. I am not blaming the coalition. I think this involves successive governments. This is something that we really need to focus on in the future.

**Ms Brooke**—Thank you for that comment; I think it is very interesting. I am not sure whether constitutionally there is a gap there, as with the whole conduct of the decision to go to war: it does not require the approval of parliament to actually go to war but you have a confirming debate afterwards. Whether this operates in the same way, I do not know, but we would like to see open public debate and transparency on this issue. All members of parliament and everybody else should be debating this. As for the idea that negotiations must be kept secret, on one hand they say everything is open and on the table but on the other hand we never get to hear what it is.

**Senator MACKAY**—It is not open.

**Ms Brooke**—To me that is no way to conduct a negotiation, especially on issues of absolute strategic importance for Australia. The other thing is that we do not get to hear enough about where this would involve things like telecommunications. There is just no transparency about what it is and where we are going with it. If I can put my concerns on the table, they are that we need the Australian government to be transparent and honest with the Australian public. I have opposed the idea that even services are included in trade agreements.

**Senator MACKAY**—Yes, that has been a recent innovation in the last 10 years or so.

**Ms Brooke**—That is right. If we are talking about trading lamb chops with Europe, we should not be trading back Telstra or Australia Post. That is not the right thing at all. The fact that these have been included in the agreements without any knowledge by the Australian public is very important.

**Senator MACKAY**—It is something that maybe the committee could take up.

**Ms Brooke**—I also welcome the fact that there will be a Senate inquiry under the foreign affairs portfolio into the whole WTO and GATS issue.

**Senator TCHEN**—Ms Brooke and Mr Wilson, you argue that the government's benchmark on Internet service of 19.2 kbps is insufficient. I take it from the rest of your comments here that you argue that something like 56 kbps should be set as a standard.

**Mr Wilson**—The high 40s, early 50s, anyway—in other words, the practical limits of the modem technology. You never get 56 on a 56 modem. It just does not happen, except in a lab. But it is very easy to achieve 48 or 52 on a good circuit.

**Senator TCHEN**—What improvement to the network is required to provide this sort of universal service right across Australia?

**Mr Wilson**—Making the 600 ohm telephone circuit work the way that it was designed to work. In technical terms, that means that if the circuit were optimised using the electronic techniques it would work.

**Senator TCHEN**—I appreciate that now, because that is within the design limits, but I am asking: what would it cost to bring it up?

**Mr Wilson**—I do not know, and I am very upset that I do not know, because that information is just not available to people outside Telstra.

**Senator TCHEN**—I have asked people who work in the telecommunications industry; they cannot tell me either.

**Mr Wilson**—That shows you the problem. That is why in the supplementary paper I point out how complex this issue is. It is an extremely complex issue.

**Senator TCHEN**—It will easily be in the multibillions, probably in the trillions.

**Mr Wilson**—We do not know. I do not think it will be that at all. The reason is that when a telecom technician needs to equalise a line for a broadcast application, for example, the same telephone lines are used in the broadcast arena for high-quality, high-fidelity service as are used for voice. They put equalisers in the line. They can do that in a very short time. I have worked in that industry, where they have to equalise a standard telephone line and make it work. It is essentially a five-minute job—well, it is a bit more than that, but it is very easy to do when they have to do it.

**Senator TCHEN**—Does doing that limit the capacity or potential of other lines within the neighbourhood?

**Mr Wilson**—I am talking about equalising a line. For example, Telstra can provide a typical, equalised line across the city, which means you might have to go through three exchanges. They have to do it regularly for broadcasters, especially for outside broadcasters and things like that, and they do it quite easily. A plan to do that on a 'worst area first' basis, in my opinion, is not

going to cost all that much. They will make it a much bigger problem on paper than it will be in reality because I think you will find that they do not want to do it. That is an important issue.

**Senator TCHEN**—I have to rely on your experience and expertise, but when you say that it would not cost very much what do you mean? What sorts of figures are you looking at?

**Mr Wilson**—I cannot tell you from inside Telstra. I can say to you that when you have a telephone line that is not working properly, it is comparatively easy to make it work properly. Telecom circuits that we know today were set more or less in the 1870s or 1880s. They have not changed very much. But we understand an awful lot about them. Those 1880 circuits are quite capable of putting 56 kilohertz modems down; that is what we do. In some areas it may require cable changes. In other areas it may require just a simple equalisation of lines and minor tweaks.

**Senator TCHEN**—But you do not know whether making minor tweaks on one part of the circuit is going to eliminate the possibility of providing the same service to other parts of the circuit?

**Mr Wilson**—When you fix one part that part should stay fixed.

**Senator TCHEN**—But the issue is whether you are pulling away potential from other areas.

**Mr Wilson**—That is a detailed planning requirement; you must get that from Telstra.

**Senator TCHEN**—Can you give us an estimate of what proportion of population needs this 40 or 50 kbps for their work? Obviously, not everybody needs it.

**Mr Wilson**—The majority of people that I come across find that when their service drops below about 40 they get very frustrated. It is annoying. The learning curve is that when someone moves from one machine to the next—they go to a relative, a friend's place, an office or another place—

**Senator TCHEN**—No, Mr Wilson, you have misunderstood my question. My question concerns whether you can make an estimate of what proportion of people actually require that type of Internet connection. One of the problems is the perception of what people need. For example, at the moment we are having a debate about tertiary education. Only 30 per cent of people go to university and yet we are talking about it as though it is a universal problem. So what proportion of the population do you think may need this 40 to 50 kbps?

**Ms Brooke**—I would say 100 per cent, because what we are looking at is equitable access to a service.

**Senator TCHEN**—No, that is fine if you say 100 per cent.

**ACTING CHAIR**—We will have to finish there. I thank the witnesses for appearing today. Does the committee agree to the tabling of the submission? There being no objection, it is so ordered.

[12.06 p.m.]

**JOHNSON-BADE, Mr Kevin, Managing Director, Midac Technologies (Australia) Pty Ltd**

**ACTING CHAIR**—I welcome our next witness. The committee has your submission before us. Are there any alterations you wish to make?

**Mr Johnson-Bade**—No.

**ACTING CHAIR**—We prefer all evidence to be given in public but, if you want to give any evidence in private, the committee will consider your request. Your evidence is protected by parliamentary privilege. I should also inform you that giving false or misleading evidence may constitute a contempt of the Senate. I now invite you to make an opening statement before we go to questions.

**Mr Johnson-Bade**—Thank you very much for giving me the opportunity to come along and talk. I will talk very briefly about an experience we had which I think has given me and my company a very unique insight into the state of services in a regional context. We were an R&D company in technology based in Sydney. We were very much entrenched in the city way of things. We developed DDC systems—direct digital control systems—for high-rise buildings. In that process, we were very much involved with the likes of Telstra. We had multiple building networks connected together via the infrastructure back to central monitoring bunkers, if you like, managing multiple buildings and so on. So we had a very good relationship with the providers and the infrastructure.

However, my partner and I decided to make a lifestyle change and shift to a country setting. At that stage, we were totally oblivious to what we were about to embark on. We simply assumed that when we ordered three lines it would be three equivalent lines which would behave in a similar way to what we were used to. What transpired was somewhat of a nightmare which lasted for a period of three years where we attempted to carry on business in a lovely setting in the foothills of the Barrington Tops—naively.

In reality, the exchange equipment and the lines—fax, telephone and also data services—were simply incapable of delivering what was required and what we were familiar with similar services delivering in the city. At the end of about a 3½ year period, we were forced to shift our business to a point where we could achieve comparable services to what we could in the city.

We could have shifted a similar radius and gone to Gloucester or Dungog from the location where we built an office and so on. So we abandoned the office building and shifted to Dungog. We were then able through the services to achieve a comparable experience to what we had in Sydney—bearing in mind this was ten years ago, so we are talking about relatively slow modem speeds and so on.

We have now seen a great change in technology in the widespread use of broadband and also a most appropriate push by both state and federal government to encourage the use and proliferation of e-commerce and so on. For our company, that necessitates the use of a

broadband facility to carry on our business. ADSL is not available in our area. The result is that if we are to get back to a standard of technology comparable in price and service delivery to what we had 10 years ago we are forced to shift a greater distance. In other words, we might now have to shift to Maitland or Newcastle. What I am trying to say is that, in essence, the situation in a relative sense has worsened.

What I am mostly concerned about—and I was not really aware of this before we shifted to a regional setting—is that the economy was already pressed for a number of reasons, with the changes in our area including the loss of the forestry industry and dairy deregulation, so there is a question about the survival of the communities in country towns. I have mentioned Dungog, but there are very many other examples around the country. My position is that it is most unfortunate when you see country towns virtually fading away and dying, with the populations decaying as the young people go off to the cities for employment. There is a lack of funding across the board, compared to what people living in the cities have. That is also unfortunate because often the country people are providing the food to keep the city people happy and healthy. We see ongoing decay, with eroding road surfaces and, as we have heard, telephone services that are not the best. I believe we are missing a great opportunity to give regional Australia an ability to fight back by providing not the same level of service across all consumers but perhaps service hubs in particular areas where broadband facilities could be available for businesses to share, enabling them to therefore make use of the advent of new technology.

In closing, I would like to say that our company has gone on to develop technology in the e-commerce area. We are in a fairly unique position to understand the problems of working with new technology. We have some 4,000 clients using our technology, from Newcastle right up to the Coffs coast, predominantly in the tourism sector. A lot of these businesses are regionally located, so we have a very close understanding of what the day-to-day problems are.

**ACTING CHAIR**—Thank you very much. When you chose to set up business in Dungog were you already there? Had you chosen to move to Dungog and then set up a business or did you choose to set up a business in Dungog and then go there?

**Mr Johnson-Bade**—We chose for lifestyle reasons to shift to the Monkerai Valley, which is 45 minutes drive from Dungog, and that is where we set up our business initially. That is where the business failed due to the telecommunication problems. That then forced us to shift the business to a place where we would get acceptable services, and that was Dungog.

**ACTING CHAIR**—When you were initially planning this did you do a study of what telecommunication facilities were available, what bandwidths, and whether your business would work in that environment?

**Mr Johnson-Bade**—To be honest, looking back 11 or so years, when we rang up Telstra and said that we were looking at running our business in this situation and asked if they could provide a data line, a fax line et cetera, they simply answered yes. In reality, none of us really knew the extent to which the existing lines and infrastructure would impair such activities.

**ACTING CHAIR**—You did not check with the locals?

**Mr Johnson-Bade**—I did not know there was a reason to. My experience had been totally in a city context where, if you asked for a line, you would expect a given standard and quality. Nobody gave us any indication at that time that you should need to investigate. In fact, you might be paying the same price for a line here and for a line there, but the service is totally different. We just assumed—naively, as I said—that, if you pay a given amount for a line and you enter into an agreement with the provider, that you will get the same service. I had no knowledge that it could be any other way.

**Senator TCHEN**—When you say that nobody knew, do you mean that Telstra did not know either when they said yes to you?

**Mr Johnson-Bade**—If they did, they did not volunteer it. For 3½ years, the poor linesmen endeavoured to fix problems which, of course, they could not fix. Everyone knew what needed to be done. The exchanges and the antiquated multiplexes and things further down the line from the exchanges needed to be upgraded for it all to work. The people we rang up to order the service from had no knowledge of it. They just said, ‘There is spare line capacity, so you are on.’

**ACTING CHAIR**—You mentioned that, for sociological reasons, we need to have broadbanding funding arrangements in rural areas. Would you like to expand on that briefly?

**Mr Johnson-Bade**—I touched before on the problem of business opportunities falling off in the regional context. At the same time, both state and federal governments are encouraging the use of e-commerce and so on, which is a good move because it allows people to carry on business in any location. The opportunity that broadband and e-commerce offer for regional communities is very significant. For example, in Dungog, if it were given a very good service from a single point of distribution for broadband—in an area where there is opportunity for incubation of businesses or location of businesses—it would not only encourage businesses to grow in the area, using local expertise, but it would encourage people to relocate from the likes of Sydney and so on for lifestyle reasons, as we did.

There are very strong arguments for providing such infrastructure where it cannot be justified in the commercial context of the service providers, where they cannot justify the investment. For the likes of ADSL equipment to be installed in a small town such as that, it may be achievable for, say, \$70,000. Admittedly, if you tried to raise the standard of every single consumer in the area, it would be a daunting task because there is so much copper that needs to be replaced; whereas if we were to look at setting up select areas to provide such a facility for a number of businesses—both for local ones and to attract new ones in—it would be a very effective use of funding and would achieve good results.

**ACTING CHAIR**—Are you close to Dungog or are you out on a property somewhere?

**Mr Johnson-Bade**—We are a 45-minute drive from Dungog.

**Senator TCHEN**—That is in Monkerai?

**Mr Johnson-Bade**—Yes.

**ACTING CHAIR**—I am not familiar with that particular area, but you are in a sparsely populated area?

**Mr Johnson-Bade**—That is true. We are in a rural area.

**ACTING CHAIR**—You mention a possible alternative which could operate in sparsely populated areas. You say that bidirectional satellite systems could perhaps solve communication difficulties. Could you expand on that a little further?

**Mr Johnson-Bade**—Bidirectional satellite may be of some assistance. At the moment, we are at our offices in Dungog because we do not have ADSL available there. We are using a product which is a hybrid ISDN and satellite arrangement, which provides us with a reasonable outgoing speed, because a lot of our traffic is outgoing as opposed to people just browsing the Web and so on. That is one way of doing it. I must point out that either that product or bidirectional satellite do not compare with what you could get, say, in Sydney from a cable service for about a 10th of the price. In order for a business to operate in that country setting, it is looking at a lesser standard of service at a much higher cost. That has not really changed over the years.

**ACTING CHAIR**—I just wonder how you could solve this with ADSL. It is rolling out, but obviously it will roll out to Dungog before it rolls out to where you are, and we should perhaps have that priority for bigger centres.

**Mr Johnson-Bade**—You misunderstood what I was suggesting. I am not asking for broadband services to be provided where I am located. I have suggested that that would be silly and ludicrous. I am talking about trying to revitalise the life that is being lost out of country towns. I am talking about providing even a better service than ADSL, more like a fibre connection, as a single point within a town like Dungog—not where we live—so that you can facilitate the growth of business in the area.

**ACTING CHAIR**—Your submission also talks about your own difficulties with getting the technology and speeds that you need to run your business. That is why I asked that question.

**Mr Johnson-Bade**—Obviously we are quite happy to shift to where the technology is because it is important for the survival of the business. The only reason that I raised that point was to illustrate the changing situation, which is not actually improving but worsening in a relative sense. That is the only reason why I raised our situation. I do not expect broadband to be put on where I have chosen to live, but I do think it is important that services—not only ADSL but better—should be available to communities such as Dungog and many others around the country.

**Senator LUNDY**—On this concept of broadband hubs in towns, for example, at the moment the universal service obligation provides for a very minimal standard. There is talk of upping that to 19.2 kilobits per second. Your concept develops almost a dual standard—a minimum standard, a safety net, and also the raising of that standard in towns, in the interests of stimulating economic growth. You talk about a big piece of fibre coming into town, but can you tell me from your business's perspective what sort of connection would optimise your chances of growth, expansion, success or whatever, as a small business in a town like Dungog? What sort of connection would be best for you?

**Mr Johnson-Bade**—First of all, we are not a typical choice because we are involved in e-commerce and we develop technology in that area, so our demands are not typical; ours are greater.

**Senator LUNDY**—All the better. It is good to refine the definition there.

**Mr Johnson-Bade**—The service that we have at the moment is not really adequate for our needs.

**Senator LUNDY**—Which is what?

**Mr Johnson-Bade**—It is a hybrid service provided by Telstra which uses satellite for inbound traffic and two ISDN lines for outbound traffic, which theoretically gives you 128k outward, but in reality—

**Senator LUNDY**—And 400 down?

**Mr Johnson-Bade**—Yes, something like that. It is really like two lines in parallel, so with the effective speed you cannot actually add unless you are sending multiple objects simultaneously. So the effective outward speed is quite low. For our use, it is not only inadequate but we consider it rather expensive when you take into account the kind of traffic that we have online. The cost can go to around \$1,000 a month, whereas for a service in the city you would be getting something comparable or better for under \$100 a month.

**Senator LUNDY**—So what you are looking for is a synchronous service of at least 512?

**Mr Johnson-Bade**—Yes, for these hub scenarios that I have suggested.

**Senator LUNDY**—Do you think there is a case for establishing a different standard or a higher standard for towns—for regional centres or rural towns of a certain size, or anywhere anyone is doing business? Do you think that might be a way to enforce it? As a small business person, how else can you see those sorts of services actually getting to towns? What are the competitive pressures that are going to drag those services out there and make them affordable?

**Mr Johnson-Bade**—Perhaps that is a better way of achieving it—so that in a business or main street scenario you look at different standards and, within that area, you must meet those standards. But that again is not necessarily a cost-effective way of doing it, because if you apply that universally you could be wasting money in areas where it is not really needed. I think it would be far better to look, on a case by case basis, at real scenarios of need where there is real opportunity for businesses to relocate to that area and build up industry in the area by providing such infrastructure.

**Senator LUNDY**—So it could be driven by the local or regional employment development group, a local government development strategy or something like that?

**Mr Johnson-Bade**—Yes. There are many agencies. State and regional development bodies or the HEDC in the Hunter could look at scenarios and provide funding for situations which really

justified investment. That would be far better than just raising the standard across the board, when it may not be used.

**Senator LUNDY**—Those are all my questions. Your insight as a regional and, indeed, rural based small business that is very bandwidth hungry is greatly appreciated.

**Senator TCHEN**—Mr Johnson-Bade, you are obviously the envy of 99.9 per cent of Australians, being able to live in beautiful Barrington Tops, as well as building up your business to, what, 40 gateways and 15,000 clients?

**Mr Johnson-Bade**—Yes.

**Senator TCHEN**—That is quite an achievement. I take it that your suggestions are not so much on the telecommunications technical side but on the regional development side, which your submission is based on. You seem to be saying that, if we can focus our rural development funding and put broadband into that agenda as well, then the types of programs that the government has now, such as rural transaction centres, could become a focus for the whole region in employment generation and so on. Is that what you are saying?

**Mr Johnson-Bade**—That is the kind of thing, except it is more directly linked than that, because the reason the technology—say, ADSL—is not available in Dungog and in many other similar situations is that it is not commercially viable. So it is linked back to the issue of privatisation, a subject the folk on before me talked about. I think there needs to be a balance. We can have it privatised but we need to legislate to make sure that things that are important and of value to the country are protected. Therefore, we need to look at two aspects of it. There is the technical aspect, which private enterprise will sort out, but when it is not economically viable for a provider to put in infrastructure we need to consider the social implications and the impact on regional communities.

**Senator TCHEN**—So that is your suggestion—the B-RAP?

**Mr Johnson-Bade**—Yes.

**Senator TCHEN**—So you are talking about expanding the Rural Assistance Program?

**Mr Johnson-Bade**—I am suggesting that might be a mechanism for achieving this.

**Senator TCHEN**—I think that is the first time in this inquiry that we have heard that suggestion. That is very valuable.

**Mr Johnson-Bade**—It could achieve good results.

**Senator TCHEN**—You talk about comparable technology with a two-way satellite link-up and you say that your business cannot afford it. Is that the sort of thing you are looking at that this funding would be able to provide?

**Mr Johnson-Bade**—I am saying that we can afford it. We have to afford it. If we cannot afford it we shift to where we can. The point I am really trying to make is about the broader

health of the regional context, through our knowledge of the many businesses trying to carry on in today's changing world. Within that context there are some things we could do to help.

**Senator TCHEN**—This is very valuable, but we are almost out of time. I wonder whether you could—if you are interested—expand your idea of B-RAP and make an additional submission to this committee. We could certainly make use of your suggestions.

**Mr Johnson-Bade**—I would love to. Thanks.

**ACTING CHAIR**—Thank you for appearing.

**Proceedings suspended from 12.31 p.m. to 1.39 p.m.**

**FOULKES-TAYLOR, Mrs Jano, Community Member, Mid-West Development Commission**

**ACTING CHAIR (Senator Tchen)**—I now welcome our next witness, Mrs Jano Foulkes-Taylor, who joins us today by teleconference from Western Australia. Thank you for giving us your time today; it is much appreciated. The committee has just received your submission. Thank you for putting it together for us at such short notice. There being no objections, the committee orders that the submission be published.

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 consider your request. You are reminded that the evidence given to the committee is protected by parliamentary privilege. I also inform you that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. I now invite you to make an opening statement before we move to questions.

**Mrs Foulkes-Taylor**—I welcome the opportunity to be able to sit in front of you, and I do hope you are reading me fine.

**ACTING CHAIR**—Yes, loud and clear—or 10 by 10, as they say.

**Mrs Foulkes-Taylor**—I have several points, which are pointed out in my submission, that I would like to bring up. I have not put very detailed coverage into this short little presentation. There are two or three other issues that I would like to bring up in addition to those that are stated on the pieces of paper that you have in front of you. Those issues include cost-shifting, which relates to Telstra's requirement for local government to provide substantial contributions to establish regional and remote mobile telephone services. At this stage, Telstra does not provide any returns to local government authorities through billing revenue received to offset the initial establishment costs. That was one point.

The second point that was not on your piece of paper concerns the responsibility for telecommunications infrastructure and services—that is, state versus federal responsibility. The WA government is adamant that all costs for telecommunications should be borne by the federal government. This has effectively denied state contributions for the establishment of telecommunications in rural and remote areas. What I am saying here in explanation is that there needs to be much greater cooperation between the states so that they too can possibly take more of a share of responsibilities and not just leave it to the federal government and wipe their hands of any issues. The third issue which is not mentioned on my paper is the Networking the Nation funding that ceases on 30 June. I do make some mention of it in the paper, but I do not make mention of the actual fact that it is going to cease. This loss of funding will definitely be detrimental to the expansion of telecommunications and IT services, especially in our rural and remote areas. Those are the last three issues.

**ACTING CHAIR**—Sorry, when does the Networking the Nation funding cease? Was it 1 July?

**Senator MOORE**—It is 30 June.

**Mrs Foulkes-Taylor**—It is 30 June. It is the same thing as 1 July.

**ACTING CHAIR**—Do you wish to make an opening statement apart from that?

**Mrs Foulkes-Taylor**—I would like to ask senators whether they would like me to enlarge on the very brief headings that I have put on these pieces of paper. I do not want to launch into a long dissertation if they would rather ask me questions on the issue—or I can just go through them one by one.

**ACTING CHAIR**—We would be happy for you to enlarge on the headings that you have. Then perhaps we will ask questions.

**Mrs Foulkes-Taylor**—I know the emergency issue has been covered by other papers, but I am bringing forward the issue here because I feel that, on the designated highways and access roads, particularly in Western Australia and particularly in this midwest area, we have large lengths of road which do not have the mobile coverage. This is not so much about local people, who I might say have access to satellite communications via mobile phones, but the access which is regarded as part of life's necessities for the travelling public—that is the touring public and so on. There is not sufficient coverage at this stage for any emergency. We are utilising things like two-way radios, which we probably should not have to do. I would venture to say that a population of less than 500 for a town site as a stipulation as to whether they are eligible for mobile phones or not is, in WA's case and particularly in our case in this region, a bit sad because most of our towns—that is, the smaller ones—do not have more than 500 people. They look very big on the map, but they do not have more than 500 people and therefore they rule themselves out of that. That is the first one.

I wrote down the issue of mobile phone tower locations because it has come to my notice that, in some of the more populated regional town sites, there are some problems with location. The general public do not always really understand the issue. When they wish for mobile phone towers to be put between the airport and the town sites, that is where it has to be to cover that area. People seem to think that sometimes it should be put somewhere else because there is a school within a kilometre or something, and that is becoming an issue. It has not been an issue in the more remote areas because the local government people are very happy to put the tower wherever they can, just to get the service.

I have almost covered Networking the Nation. The one thing I did not say was that I thought it was very unfortunate that Western Australia appeared to have a much lesser allocation of this funding than a lot of other states. I think that is a bit sad, because we do have—and I always say it—26 per cent of the overseas export income coming from this state. There are more remote areas in this case—that is, mining and farming—but we only get 10 per cent of the funding, which is a little bit inequitable, I think.

I think the issue of marketing new technology has been covered by many other people. There are still quite a few deficiencies in understanding the best way of distributing information. As we all know, we get quite a few things in the mail and quite a few of them get thrown in the bin. If they are opened by the person in charge of the mail or the person who receives the mail, often it

is not necessarily that person who is interested in technology. I am not pointing the arrows at the man or the wife or the spouse or whoever it happens to be in the household, but more often the young people—or the lady of the house, in our particular circumstance—are more interested in information technology and, if they do not receive the mail, they do not know what is happening and they miss out on an offer. That is what happened with the two-way satellite thing in many cases. Are there any questions so far?

**Senator LUNDY**—I am particularly interested in the DRCS, the digital radio concentrator system, provided in remote areas by Telstra. Are you able to comment on the quality of the radio service?

**Mrs Foulkes-Taylor**—We were one of the families who had DRCS. When we first had that put in, we were so grateful because at last we had a telephone, we had a telephone that worked and we had a telephone that worked all the time. That was great. There were problems with the DRCS because of the slowness and the fact that you could not receive things very quickly, and you certainly cannot today, in my opinion, effectively use broadband as quickly as others can. At the moment, we are well served. Even though where we are here we are 2½ hours from the nearest town of any size, we are lucky to have HCRC, which is the next grade up. That has certainly helped, and I do sympathise with those people still on DRCS. It is okay—it works—but it is just not as efficient as HCRC, and I just hope the upgrades take as short a time as possible.

**Senator LUNDY**—What sort of bandwidth or connection speeds can you get using the service for data?

**Mrs Foulkes-Taylor**—It comes through in an excellent way for the fax and so on—it is fine. It is very good for voice. It is very good for a teleconference, which is what I am on now. As for data coming through a computer set-up, I would say it is certainly much better than the DRCS. As for those of us—and we are among them—who are fortunate enough to have the two-way satellite broadband service, you could not really ask for anything better at this stage. So, in answer to your question, it is better than DRCS but it is not as good as the two-way satellite system.

**Senator LUNDY**—In terms of the quality of service from the two-way satellite, do you have any comments about the weaknesses of that service or any observations about the quality of service?

**Mrs Foulkes-Taylor**—The two-way satellite service is excellent. With the infrastructure that goes to service the two-way satellite service—that is, the power system—there are inherent problems. There is the weather and also interference from power units which may be on the properties that are actually generating their own electricity. If in each particular position, if your homestead, your base or whatever it happens to be does not have a superefficient electrical system, there can be interference. I have found on a personal basis that I can live with that. If I am starting up an old washing machine or using a power tool, I keep my two-way satellite service off so it is no longer hooked up to the power. I have advised everyone I have come across to take the advice of the people who put out these systems: you must have an extremely efficient spike buster to stop the power surges that will affect your computer. Otherwise, it is really a problem for the people that have them. If they do not have a good electrical system, there can be a difficulty.

**Senator LUNDY**—Thank you for that. Do you have any observations on the take-up of the offer to subsidise the installation of the two-way satellite for broadband data that Telstra offered as part of the extended zones contract? For example, do you think it was effectively promoted amongst potential users?

**Mrs Foulkes-Taylor** —No, it was not. I think that a lot of people in some of the more centrally populated areas have an assumption that people watch the news or sit listening to the radio or keep in touch with the world. In the more remote places you will mostly find that families are outside and they do not always keep in touch with what is going on as far as new offers and things that are going to be good. If they have never had the opportunity or they are only just beginning to have the opportunity of using a computer and other facilities, they would have seen no reason to take up some smart new technology which they would have seen as costing them quite a lot in rent in the end. It was not marketed efficiently in that sphere; in a way, it was not marketed. One wonders how much one actually has to tell people about something that is going to be good for them before they are willing to take it up. It is the old story that what you do not know does not hurt you. I do not actually blame the providers—in this particular case Telstra or even the federal government—for the actual allocation of funding to put this out, as it was a marvellous offer. It was not taken up very well. I think only something like 30 per cent in WA took it up. A lot of people have regretted that because they did not understand, and possibly there were not enough trials going on to let them understand how good it was going to be.

**Senator LUNDY**—My understanding is that the broadband aspect of the extended zones contract was not part of the original specification; it was a bonus that Telstra threw into their response to the tender. Do you have any concerns about the continuation of that offer or service at the conclusion of the current extended zones contract with Telstra?

**Mrs Foulkes-Taylor** —I do not fully understand your question. Would you raise that again, please.

**Senator LUNDY**—When Telstra won the extended zones contract—the \$150 million to subsidise local call services—Telstra added in, on top of what was required in the specification, the broadband service or the data service. So, at the moment, when that contract comes up for renewal there is no pressure or requirement incumbent upon Telstra to once again offer that part of the service as part of that extended zones contract.

**Mrs Foulkes-Taylor**—I think I understand what you are saying.

**Senator LUNDY**—My question is, firstly, are you aware of that and, secondly, do you have any concerns about the continued availability of subsidised two-way satellite data services?

**Mrs Foulkes-Taylor**—In answer to your second question: yes, I do have, particularly for the outer regions and the more remote areas, because I think there are still a lot of gaps in the communications for broadband out here. I do not think there is enough coverage at this stage. I do not think there is enough access for the people who may be able to use it. On the issue of putting it out as a ‘good feeling’ thing, I do not think it was that as much as trying to bring people up to speed in these areas as quickly as possible. In some ways it was unfortunate that we had to get such good equipment because I understand and I can certainly sympathise with some

of the more closely populated areas who—dare I say it—are a little bit jealous of what we have or were able to get.

On the subsidy issue, I think people will not take up broadband in this particular way—that is, two-way satellite, which in a way is our only option—unless there is a subsidy of some description, whether it be a state or a federal one. I just do not think people could afford it at this juncture.

**Senator LUNDY**—Thank you very much.

**Mrs Foulkes-Taylor**—Shall I go on with some of these other points?

**ACTING CHAIR**—Senator Mackay has a couple of questions.

**Senator MACKAY**—You may have been about to cover this. I would like you to expand on your statements with respect to Networking the Nation funding ceasing on 30 June and, specifically, on what projects that are currently funded may not be funded as a result of that.

**Mrs Foulkes-Taylor**—Any new offer, any new technology that comes up, will be definitely a cost. In terms of Indigenous communities and a lot of outer communities, geological camps and so on, there are some who can afford and some who cannot afford to take up new technology. The Networking the Nation funding filled an enormous number of gaps that I certainly saw in our areas that would never have been filled without special funding like that. So, in answer to your question, I guess that in the future if we do not have such a money bag or there is no funding set up on an ongoing basis there will go on being gaps. I do not think that sort of money would be used, and I do not think it should be used, to build bridges and things. I think it has to fill in the gaps between city and country to a certain extent.

**Senator MACKAY**—Are the projects that have been funded under Networking the Nation getting funding on a recurrent or a one-off basis? I am wondering what projects that are currently being funded may not continue. Are you aware of any specific examples?

**Mrs Foulkes-Taylor**—I do not know all the examples. I wish I did—and I probably should. I think one example would be the two-way satellite handout, as such, or the offer. Networking the Nation could certainly be a source for assisting people in getting two-way satellite mobile phone coverage. It may well be a source for putting in things like emergency phone set-ups or telecommunications. I see it as more like an infrastructure thing. For instance, for one of the other projects I have written down, my heading is ‘An exotic disease infiltration’. I have great reservations about how adequately we are able to defend ourselves against a whole lot of things that may or may not come into Australia. When I say ‘defend’ I am talking about the national implications of a serious outbreak of exotic disease. We do not have enough infrastructure that people are familiar with and can use, apart from two-way radio, in a lot of cases. I think Networking the Nation type funding could cover some of those sorts of things; it could certainly cover meeting the needs for some of the big infrastructure that could be put out in some of the communities. Does that answer your question?

**Senator MACKAY**—Yes, it does. We have got estimates coming up next week, and I am interested in whether the funding for the Networking the Nation program for the whole of Western Australia is ceasing. It am not totally familiar with its administrative cycle.

**Mrs Foulkes-Taylor**—As I understand it, that Networking the Nation funding runs out, or ceases, on 30 June or 1 July. What happens after that, I am not sure. One of the first issues I brought up in my opening speech was that I think the states need to get together and work with the Commonwealth on a much more equitable sharing basis, particularly in WA's case. We are a long way from Canberra and we are an awfully long way from the federal government base, and I feel that sometimes some of the understanding is just not there between some of the outer areas and Canberra.

**Senator MOORE**—One of the things this committee is trying to do is identify just how important these issues are to the community. From the information we have received from you, you have a longstanding personal interest in the issue of telecommunications. I would like to hear your view on how important these issues of communication and access to technology are to your community generally.

**Mrs Foulkes-Taylor**—Years ago, when I was brought up as a little kid in the goldfields—which, for anyone who does not know, was a good 12-hour trip from Perth by road in our day, and I think is 10 hours these days—we had what they called a 'metallic circuit' out to our station property. We were actually considered pretty modern. It was one of the things that would get struck by lightning or the kangaroos would push it over and so on. From that and fenceline communications, which were a lifeline for us, we have now gone right through the spectrum to the two-way broadband satellite, which is pretty good, in my number of years anyway.

If we do not have good communications it will deny us in remote areas and regional areas things such as videoconferencing, the training of young people to keep our young ones in the remote areas if we can, allowing them to understand the technology so that they can use, via Internet or some other medium through telecommunications, skills they would normally use, say, in the cities but stay in the more remote areas and still be useful citizens and still have the opportunity to move from city to country.

In answer to your question about the importance of communications, without communications we will die. We will just fade away, and there will not be the development that should happen in some of the more remote areas. Whether or not there are good access roads and all the rest of it, it just will not happen. The modern world is all communications. The way you are educated, the way you can get around, the way you know what is happening in the world, the way you market your goods, it all has to do with good communications. Unless we have efficient communications, we will not have opportunities for marketing, education, health and social welfare.

**Senator MOORE**—Senator Tierney, who is not with us this afternoon, has discussed with some of the other witnesses the concept that perhaps expectation and demand in remote and rural services has changed over the last 10 years and that maybe there will never be a case for equitable services across the country. Would you like to comment on that?

**Mrs Foulkes-Taylor**—There will never be an equitable business case for the people I represent having the same services as people in the city have. In a business sense it is not going to happen. But I think that through universal service obligations in one form or another we can be kept up. I say again that the importance of what can be done out in the country and the importance of people living in these areas in order to keep them populated is such that we have as a nation to recognise the imperative of good communications.

I think the fact that there are only 150 or 200 people in one town does not matter. The important part is that there are three mines around that town all producing an enormous amount of value to the Australian economy, and as such it becomes important. Drought or no drought, if we cannot keep the farmers, pastoralists and agricultural people—or some sort of population—in the outer areas, who is going to manage that country? Who is going to manage the roads, look after things, watch the tourists and so on? We just have to recognise as a nation that it is important to have good communications.

**ACTING CHAIR**—Mrs Foulkes-Taylor, would you like to speak on the other headings in your submission? One of the headings is about cost-shifting between Telstra and local government, which is an issue that I do not think this committee has come across before. There is another heading about the demarcation of responsibilities between the Commonwealth and the states. You talk about Western Australia and, again, this is an issue that we have not come across. Other states are very keen to take on and share those responsibilities, but you describe Western Australia as wishing to distance itself from that. Also in light of the news we heard yesterday about the Western Australia government purchasing some sort of telecommunication network, perhaps you would like to speak about these headings before we ask any further questions?

**Mrs Foulkes-Taylor**—I will answer the last point you made first, so that I get it straight. Western Australia was actually the first state government to set up a communications advisory committee, so I do not want the good senators to misunderstand what I am saying. I am trying to point out that, although we have this communications advisory committee from the state, which has served an extremely important part in making sure that WA is right up to the mark, in the year 2003 we have a problem with the disruption of our own state's communications advisory committee in that we are now serving three ministers within the state. That makes it rather hard for us as members of that committee to go ahead.

I was trying to point out before that I think that, as far as the state wide responsibility is concerned, sometimes it is much easier to push aside the issue of assistance and recognising its importance if the main funding has to come from the Commonwealth. In this case, Western Australia really must take the bull by the horns and come to the party—as I understand from what you are saying that the other states have—to really understand what I said a little while ago about telecommunications issues being so important to development. I see that our WA state committee is getting disrupted—and that is not your problem; it is ours as WA people—and that has not helped us to go ahead.

I will quickly go through the other headings. On page 1, the heading is 'Smaller communications providers targeting high-traffic area'. There has been a problem with other providers. I have named Telstra and Optus, as they are the bigger ones—obviously, Telstra is bigger than Optus in Western Australia. There is a problem with the smaller providers being

issued with certain rules and regulations—and I am sure you all have a much better handle on those than I have—regarding their obligations and how they should serve the customer.

Sometimes that denies the main providers—in this case Telstra, which owns most of the infrastructure in Western Australia—the opportunity to do exactly what they want to do, within reason, in a business sense. In the end, if the business goes downhill, the consumers will suffer. That was what I was trying to say in the fifth point of my submission: consumer service obligations are absolutely necessary. It should not be an indirect cause for rising communications costs. It is a fairly longwinded statement, but it simply means that the cost has to be passed on to someone in the end. If they cannot handle it one way, a business will do it another way. That is what happens to a lot of businesses in the bush.

I think I have covered exotic disease infiltration. The manufacture of mobile phones, once again, is probably not necessarily your business as such, but I wanted to bring it to the notice of the senators that a lot of mobile phone kits are not compatible with one another. When you are living in an area such as we are, every time you want to receive the television you are also required to buy an encoder. Every time you want to put in some sort of new infrastructure you have to make sure that your electrical system is okay, because you do not have an SEC, or whatever it happens to be, to look after it for you. It is the same with all the other things that we do. When we buy a \$600 or \$700 car kit—and this has happened to many people I have spoken to—and two or three years down the road the mobile phone that sits in that car kit is no longer fashionable or in use and cannot be used away from the car kit, it seems a bit sad that the makers cannot be forced in any way to make something which is a bit more compatible. Do you understand what I am saying?

**ACTING CHAIR**—I think we are all painfully aware of that problem.

**Mrs Foulkes-Taylor**—I thought I had better add my little bit to that one. It is just another expense. With respect to call centres and help lines, a lot of people are still very unhappy, me included, with sitting on the phone, waiting. I am very fortunate that I have a conference phone. I can turn up the volume, go and do something else within reach of the phone and wait till the music stops and somebody comes on the line. But in a lot of cases, especially in regional country towns and so on, there are people doing very important jobs—whether it happens to be the Yellow Ribbon Program or the local cubbyhouse—and they do not have the time to sit there waiting for the phone, to get help to put in new services or whatever. There are still problems with the call centres and help lines. Some of them are because the consumer is with one company and not Telstra, or vice versa, so they cannot be held responsible. The company that the people have business with pushes the matter aside and says, ‘It is not our infrastructure.’ Therefore, you have to go to Telstra and they say, ‘No, you are not our customer.’ It is difficult. I do not know how you would handle that. That was the other heading that I had in my submission. Are there some more points that you wish to discuss?

**ACTING CHAIR**—Cost-shifting between Telstra and local government.

**Senator MOORE**—Mobile phone towers.

**Mrs Foulkes-Taylor**—Unfortunately, I do not have enough information on that. I do know, though, that the returns to local government authorities should be made through a billing system.

At the moment there is such a thing as bundling. If the local government system sets up whatever it happens to be—for example, establishing regional and remote mobile services, either through the responsibility for the towers or whatever else they have to do—then the local government people really should receive some benefit to repay them for doing any of the initial establishment. If it happens to be something like one of the loops or one of the other systems that are set up these days to cope with those sorts of things, apparently no billing revenue comes back to help the local government people to offset those costs. I am not sure whether that explains it properly.

**ACTING CHAIR**—I notice that you are a member of the Telstra Country Wide Advisory Board. Could you perhaps give us some insight on that experience?

**Mrs Foulkes-Taylor**—Only that I am finding it extremely interesting travelling all over the country and finding that there are many communities not dissimilar to the communities in which I live. I am also finding that there is a bit of a gap between the services of the outer country and the inner city. As far as I understand from being on the board, Telstra Country Wide will be dealing with that now, because there are issues between the main city and the large outer remote country that need to be looked after. Certainly I have found that the response from the public is great. I have been battling for better communications ever since I taught my children for 14 years. We have advanced terribly. You can take that because I am on the board or as a personal matter—it does not matter—but I am telling you that I have discovered that people are a lot happier. Having someone to speak to is so much better. The fact that Telstra has now, at long last, taken the opportunity to put people back in the country to manage our affairs has made an enormous difference to the actual working of the system as well as the publicity part of it.

**ACTING CHAIR**—What about Telstra's response to your board's recommendations?

**Mrs Foulkes-Taylor**—It is a learning curve. It is a bit like me talking to the senators who come from the ACT and all over the country, who may not—I do not know—have ever lived in the bush, and I mean way out in the bush, not just what I consider to be more closely settled areas. It is the same old problem. I spend quite a lot of time speaking to people, as part of my board duties, about the issue of isolation and the importance of developing Australia. Those issues are fairly dear to my heart. I feel that part of my duty of being on that board is to educate people wherever I go that Australia is a national thing; it is not just isolated states with people with isolated issues. We need to look at issues on a fairly broad basis. We will not advance that much unless we look at these broad issues together.

**Senator MOORE**—We have had a number of discussions with the Telecommunications Industry Ombudsman. One of the issues that their office has identified out of their quarterly statistical surveys is that they are receiving fewer complaints through the Telecommunications Industry Ombudsman's office from rural and remote Australia. They do not think that that is because people have fewer complaints; they are concerned about the awareness level in remote areas of the role of the Telecommunications Industry Ombudsman's office and how to access it. Do you have any comment on that?

**Mrs Foulkes-Taylor**—When I was talking about the responsibility of TCW—Telstra Country Wide—and so on, I mentioned that a lot of people are going to the crux of the matter. They are settling out of court, so to speak, rather than ringing up hopelessly and helplessly for days on end

and then finally being advised to go to the Telecommunications Industry Ombudsman. They do it themselves and deal with the issue. I do not agree that there is a lack of awareness; from my reckonings at the moment, I think that the complaints have gone down. Individually dealing with people who have severe complaints has certainly improved. That was always a problem. Maybe a decade ago when there was someone with a severe problem it seemed to go on and on. Nowadays, there are other avenues, apart from going to the Telecommunications Industry Ombudsman for assistance.

**ACTING CHAIR**—The committee thanks you for your most informative and helpful advice. This concludes today's hearing for the telecommunications inquiry. I thank all the witnesses for their informative presentations.

**Committee adjourned at 2.20 p.m.**