

Preface

Terms of reference

On 25 June 2002 the Senate referred the following matter to the Environment, Communications, Information Technology and the Arts References Committee:

- (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.

The Senate originally asked the Committee to report by 21 February 2003 but it subsequently agreed to extend the reporting deadline until 5 August 2004 to allow the Committee to give the issues raised during the inquiry its fullest consideration and to take account of contemporary developments.

The inquiry

The Committee invited written submissions from interested individuals and organisations by an advertisement in the national press in July 2002, with an initial request that submissions be lodged by 16 August 2002. Invitations for submissions were sent to each State Premier and Territory Chief Minister as well as to in excess of 500 local councils across Australia. Submissions were subsequently received from 150 submitters, several of whom provided the Committee with additional material and supplementary submissions during the course of the inquiry. Submitter details are shown in Appendix 1.

In order to gain a better appreciation of the issues, the Committee undertook a series of public hearings with some 93 sets of witnesses, which involved visiting locations in every state of Australia and the Australian Capital Territory. Where practicable, the Committee sought to visit regional areas to gain insights into concerns held outside the major metropolitan areas, and the visits to Ballarat, Mildura, Launceston, Cairns, Rockhampton, Caboolture and Bunbury proved particularly illuminating in this

respect. Evidence was also taken from the Northern Territory by teleconference. Details of these hearings are shown in Appendix 2.

The Committee notes that its hearings program for this inquiry was essentially held in conjunction with its inquiry into the role of libraries in the online environment, which was also referred to it by the Senate on 25 June 2002. This approach was undertaken for two reasons. Firstly, while the terms of reference were relatively distinct, there was some element of overlap in terms of the need for the Committee to examine the proper role of Government in the delivery of online services. Secondly, the terms of reference for both inquiries had particular resonance in regional and remote areas and, as a matter of practicality, the Committee wished to maximise the value of any travel it undertook to such areas by combining the evidence-collection process.

The Committee tabled its report *Libraries in the online environment* on 16 October 2003.¹ While its recommendations were primarily directed at matters relating to improving the provision of online library services, recommendation 7 was directed towards an expanded level of broadband access to public libraries. It is a matter of regret to the Committee that its recommendation in this respect was not accepted by the Government.²

Where practicable, the Committee sought to supplement the formal discussions of the public hearings with site visits and informal briefings. These are listed in Appendix 3. Given their informal nature, no transcript was taken and no specific details of these visits are included in this report.

In the course of the hearings, a number of documents and other exhibits were tabled for the Committee's information. These are listed in Appendix 4.

Regulatory framework

Given the significance of adequate telecommunications services in Australia, it is the subject of extensive and fairly complex regulation. For ease of reference the Committee has given a brief overview of the regulatory framework in Appendix 5.

Related inquiries

One issue that arose in the course of the Committee's inquiry was that several telecommunications-related inquiries were conducted at around the same time.

The then Minister for Communications, Information Technology and the Arts, Senator the Hon Richard Alston, established the Telecommunications Service Inquiry (TSI) in March 2000 to assess the adequacy of telecommunications services in Australia. The TSI was chaired by Mr M.A. (Tim) Besley. The TSI reported to the Minister on 30 September 2000. In its report entitled *Connecting Australia* the Inquiry presented a

1 *Journals of the Senate*, 16 October 2003, p. 2591

2 Government response tabled after the adjournment of the Senate on 25 June 2004.

number of observations on the adequacy of the telecommunications network. On 11 November 2002 the House of Representatives Standing Committee on Communications, Information Technology and the Arts tabled its report entitled *Wireless Broadband Technologies*. Two other relevant Government inquiries were also undertaken: the Regional Telecommunications Inquiry, chaired by Mr Dick Estens, which finalised its report entitled *Connecting Regional Australia* in November 2002 and the Broadband Advisory Group which released its report entitled *Australia's Broadband Connectivity* in January 2003.

In recognition of the overlap of the terms of reference of these inquiries and that of the Committee, a number of submitters chose to forward to this Committee copies of their submissions to those inquiries, rather than prepare new submissions. The Committee, in fact, welcomed such submissions as it was more interested in hearing their views than being concerned that their contributions may not have strictly aligned with its terms of reference. Several of those submitters went on to make significant contributions at a Committee hearing.

In this report, the Committee has recognised the findings of these other inquiries as appropriate and, where available, the Government's responses. A summary of these is given in Appendix 6. The Committee wishes to stress, however, that its terms of reference are the most comprehensive of these inquiries and that its inquiry is the only one truly independent of Government control.

Acknowledgements

The Committee wishes to express its appreciation for the cooperation of all witnesses to its inquiry, whether by making submissions, by personal attendance at a hearing or, as in many cases, by giving both written and oral evidence. While the contributions of many witnesses to this inquiry are recorded in this report, regrettably it has not been possible to cite the evidence of all witnesses. With close to 2000 pages of written submissions and 1000 pages of transcript, it has simply proven impracticable to recognise every contribution in this report. The Committee wishes to stress that all evidence – whether written or oral – was fully taken into account and that it is grateful for all witnesses' invaluable input.

In order to bring some coherence to its inquiry, the Committee adopted the approach of synthesising the key points in evidence into a list of issues about which it sought responses from a panel of Telstra senior executives at a hearing in Melbourne on 6 and 7 August 2003. Their evidence over those two days is heavily cited in this report as it frequently represented the definitive statement of Telstra's position across a wide range of issues. It should also be noted, however, that the Committee had commenced an inquiry into competition in broadband services before the finalisation of this report, where there was some overlap of evidence, especially in relation to the issue of the adequacy of the infrastructure for the delivery of data services. Evidence given to that inquiry may also be cited in this report where it might be more contemporary.

The Committee also wishes to express its appreciation to those who hosted it during site inspections, which added greatly to the Committee's appreciation of the issues being discussed at the formal hearings.

The Committee also records its appreciation to the officers of the secretariat who assisted with the conduct of the inquiry and the drafting of this report.

Possible harassment of witnesses

Finally, the Committee has to record that concerns were raised with it fairly early in its inquiry that approaches had been made by Telstra personnel to witnesses which were taken as intimidatory. The Committee was also advised of Telstra staff who felt constrained from cooperating with the inquiry in case unfavourable action was taken against them by the company.

After receiving the advice of the Clerk of the Senate that such actions could be seen as being in contempt of the Senate, on 13 December 2002 the Committee wrote to Dr Ziggy Switkowski, Telstra's Chief Executive Officer, to advise him that the Committee viewed as inappropriate reference to a person's status as a contributor to the Committee's inquiry, even when seeking only to correct a fault alluded to in their submission.

In his response dated 4 February 2003, Dr Switkowski assured the Committee that Telstra would not in any circumstance seek to influence the evidence of customers or staff, but had contacted certain submitters only to ascertain whether their complaint had been rectified and if further action was required from Telstra. In view of the Committee's concerns, Dr Switkowski noted that Telstra had ceased such contact in order to remove any possibility of its actions being misunderstood. At the request of Telstra made at the hearing in Melbourne on 6 and 7 August 2003, the Committee agreed that Telstra could contact certain nominated submitters who could be expected not to be intimidated by such contact and who had raised problems with which Telstra may have been able to provide assistance.

Senator John Cherry
Chair