



**Parliament of the Commonwealth of Australia**

**Senate Environment, Communications,  
Information Technology and the Arts Legislation Committee**

**Budget Estimates Report**

**June 2000**

ENVIRONMENT, COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE  
ARTS LEGISLATION COMMITTEE

**MEMBERSHIP**

**Members**

Senator Alan Eggleston, Chair (LP, WA)  
Senator Mark Bishop, Deputy Chair (ALP, WA)  
Senator Andrew Bartlett (AD, QLD)  
Senator the Hon Nick Bolkus (ALP, SA)  
Senator Paul H. Calvert (LP, TAS)  
Senator Tsebin Tchen (LP, VIC)

**Substitute Members**

Senator Stott Despoja (AD, SA) to substitute for Senator Bartlett for matters relating to Information Technology as at 30 September 1999.

**Participating Members**

Senator the Hon Eric Abetz (LP, TAS)  
Senator Lyn Allison (AD, VIC) appointed for communications issues as at 30/09/99.  
Senator Ron Boswell (NP, QLD)  
Senator Vicki Bourne (AD, NSW)  
Senator Bob Brown (AG, TAS)  
Senator the Hon David Brownhill (NPA, NSW)  
Senator George Campbell (ALP, NSW)  
Senator Kim Carr (ALP, VIC)  
Senator Hedley Grant P. Chapman (LP, SA)  
Senator Helen Coonan (LP, NSW)  
Senator Winston Crane (LP, WA)  
Senator the Hon John Faulkner (ALP, NSW)  
Senator Alan B. Ferguson (LP, SA)  
Senator Jeannie Ferris (LP, SA)  
Senator The Hon Brian F. Gibson, AM (LP, TAS)  
Senator Brian Harradine (IND, TAS)  
Senator Steve Hutchins (ALP, NSW)  
Senator Susan C. Knowles (LP, WA)  
Senator Meg Lees (AD, SA)  
Senator Ross Lightfoot (LP, WA)  
Senator Kate Lundy (ALP, ACT)  
Senator Brett J. Mason (LP, QLD)  
Senator Julian J.J. McGauran (NPA, VIC)  
Senator Aden D. Ridgeway (AD, NSW) appointed for arts issues as at 30/09/99  
Senator the Hon Chris Schacht (ALP, SA)  
Senator John O. W. Watson

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

**REPORT TO THE SENATE**

**Introduction**

On 9 May 2000 the following documents were referred to Legislation Committees for examination and report:

- Particulars of Proposed Expenditure for the service of the year ending on 30 June 2001 [Document A - Appropriation Bill (No. 1) 2000-2001]
- Particulars of Proposed Expenditure for the service of the year ending on 30 June 2001 [Document B - Appropriation Bill (No. 2) 2000-2001]; and
- Particulars of Proposed Expenditure for the service of the year ending on 30 June 2001 [Document C - Appropriation (Parliamentary Departments) Bill (No. 1) 2000-2001]

The Committee was required to report to the Senate on Thursday, 22 June 2000.

The Committee conducted hearings on the Environment and Heritage portfolio on Monday 22 May and on the Communications, Information Technology and the Arts portfolio on Wednesday 24 May and Thursday 25 May 2000.

*Questions on notice – date for response*

The Committee agreed that the date for replies to questions placed on notice at the hearings would be Friday 30 June 2000. During the Environment portfolio hearings, Senator Bolkus stated that he was reluctant to place questions on notice because answers had not yet been provided on the previous batch of questions placed at Supplementary Additional Estimates in early May 2000.<sup>1</sup> However, the Minister, the Hon. Senator Robert Hill indicated later in the day that answers to the questions had been made available a few hours earlier.<sup>2</sup>

*Commercial-in-confidence claims*

The issue of commercial-in-confidence was raised in relation to questions put on notice to Telstra at the Supplementary Additional Estimates hearings on 3 May 2000. Referring to Telstra's response that it was not prepared to divulge publicly contractual information relating to a contract between Telstra and Leighton Holdings but would make it available to members of the Committee only, the Deputy Chair of the Committee, Senator Bishop noted

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1 Proof Committee Hansard, 22 May 2000, pp.3, 10

2 Proof Committee Hansard, 22 May 2000, p.38

that he rejected that position and that ALP Senators would pursue that issue further with Telstra within the confines of the Senate.<sup>3</sup>

### **Portfolio Specific Issues**

#### *Communication, Information Technology and the Arts Portfolio*

##### Telstra

Representatives of Telstra Corporation were questioned at great length by the Committee and the following issues were canvassed:

- the possible causes of the recent fall of \$1 billion in Telstra's share value;
- the proposed deals between Telstra and Pacific Century Cyberworks, Telstra and Sausage-Solution 6;
- the proposed content deal with the ABC and the stage reached in the negotiations of the term sheet;
- the customer billing trials and the ADSL pilot rollouts in particular;
- the proposed sale of the Network Design Corporation;
- the issue of employment levels in Telstra and the proposed redundancies of 25,000 staff over 3 or 4 years, including the superannuation arrangements for those staff;
- Telstra's restructure of the Rural and Regional Unit;
- submissions from Telstra customers to the Call Zone Review;
- the impact of the GST on Telstra's prices;
- the late payment policy of Telstra, in particular the charging of a \$5.00 late payment fee;
- Telstra's implementation of the new Customer Service Guarantee standard;
- the operation of Telstra's call centres especially in rural areas such as Alice Springs;
- the analog close down and the issue of CDMA roll out and CDMA coverage;
- Telstra's decision to end its sponsorship of Clean Up Australia Day;
- Telstra's provision, in partnership with Hughes and Ericsson, of access to the Big Pond satellite to customers;
- the operation of the Newbridge-Llanelly telephone exchange;<sup>4</sup>

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3 Proof Committee Hansard, 24 May 2000, pp.157-158

4 Proof Committee Hansard, 24 May 2000, pp.104-149

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- privacy considerations relating to Big Pond customers;
  - the joint venture between Telstra and Plessey, known as Ples Tel; *and*
  - Telstra's research and development strategies.<sup>5</sup>

#### Australian Broadcasting Authority

Senators asked officers of the ABA questions about the following matters:

- the level of complaints to the ABA about offensive material hosted on Australian and overseas Internet sites;
- the ABA's anticipated role in the proposed government moratorium on online gambling;
- clarification regarding the outsourcing of the ABA's functions;
- the reference in the Budget papers to the winding down of staff levels in relation to staff assigned to digital spectrum planning;
- the ABA's workload in relation to Single Frequency Networks (SFN) trials and spectrum interference; *and*
- steps taken to address spectrum planning as it affects users of medical telemetry equipment and to warn them of the possible cost of replacing inappropriate equipment.

Members of the Committee also engaged in sustained questioning of the ABA on the issue of spectrum planning and allocation, and spectrum auction including the prices that might be reached at auction.<sup>6</sup>

#### Australian Broadcasting Corporation

The following matters were raised with representatives of the ABC:

- the level of funding allocated to the ABC for conversion to digital television;
- whether, and if so how, the ABC plans to find external sources of revenue;
- ABC management's views on multichannelling, children's programming in the digital environment and HDTV;
- the proposed ABC online content deal with Telstra; *and*
- the engagement of headhunters by the ABC.<sup>7</sup>

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5 Proof Committee Hansard, 24 May 2000, pp.152-154

6 Proof Committee Hansard, 24 May 2000, pp.163-174

7 Proof Committee Hansard, 24 May 2000, pp.176-186

Other portfolio agencies questioned included:

- Australia Post on the issue of the relationship between its Licensed Post Offices (LPOs) and Rural Transaction Centres;<sup>8</sup>
- the Australian Communications Authority (ACA) on the planned spectrum sales and the projected sums that might be raised from the auctions; on its telecommunications consumer satisfaction survey and its monitoring of the operation of the new customer service guarantee standards and also on the issue of mobile number portability;<sup>9</sup>
- the Australian Film Commission on its decision to cease funding of the Australian Film Institute's research department and distribution arm and on the situation of Australian film makers and script writers generally;<sup>10</sup> *and*
- the Australian Film Finance Corporation on the state of its finances and the proposed review of those finances.<sup>11</sup>

A large number of questions on the state of the air conditioning system at the National Gallery of Australia were directed at officers of the NGA with Senators requesting details of the monitoring mechanisms in place to check that system.<sup>12</sup>

Other issues pursued by Senators included:

- the organisation, staffing structure and functions of the National Office for the Information Economy (NOIE) and questions about its Sydney office;<sup>13</sup>
- the government's IT outsourcing program and the Building IT Strengths program;<sup>14</sup>
- the issue of USO tender and proposed government legislation to implement its policy;<sup>15</sup>
- the government's regional communication partnership with NTL;<sup>16</sup>
- the matter of Internet gambling;<sup>17</sup>
- the current inquiry into the level and quality of telecommunications services provided by Telstra (TSI)<sup>18</sup>; *and*

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8 Proof Committee Hansard, 24 May 2000, pp.158-162

9 Proof Committee Hansard, 24 May 2000, pp.193-215

10 Proof Committee Hansard, 24 May 2000, pp.217-225

11 Proof Committee Hansard, 25 May 2000, pp.233-238

12 Proof Committee Hansard, 25 May 2000, pp.239-275

13 Proof Committee Hansard, 25 May 2000, pp.288-297

14 Proof Committee Hansard, 25 May 2000, pp.299-306

15 Proof Committee Hansard, 25 May 2000, pp.307-308

16 Proof Committee Hansard, 25 May 2000, p.312

17 Proof Committee Hansard, 25 May 2000, pp.321

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- the use of Networking the Nation funds.<sup>19</sup>

### *Mobile phones*

The Committee had a discussion about the use of mobile phones during Committee public hearings and the Chair pointed out that mobile phones are not permitted in the Senate and should therefore be switched off during Committee hearings.

### *Environment and Heritage Portfolio*

Questions were asked and placed on notice about the following issues:

- the discontinuation of the Department's participation in international environmental science forums;<sup>20</sup>
- the leaking of a pipeline containing tailings water from the Ranger uranium mine;<sup>21</sup>
- severe weather forecasting by the Bureau of Meteorology as well as cost recovery revenues and the Bureau's new supercomputer;<sup>22</sup>
- illegal fishing in Australian waters;<sup>23</sup>
- decisions made by the Antarctic Animal Ethics Committee - particularly the approval of hot-iron branding of elephant seals;<sup>24</sup>
- the impact of aquaculture, the east coast prawn fishery and the Stuart oil shale project on the Great Barrier Reef Marine Park;<sup>25</sup>
- the decision to delay extending the list of substances in the National Pollutant Inventory from 36 to 90 substances;<sup>26</sup>
- the Best Practice and Environmental Management in Mining project as well as incidents involving Australian mining companies overseas;<sup>27</sup>
- the status of the world heritage assessment and nomination for the Sydney Opera House, the Blue Mountains and convict sites;<sup>28</sup>

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18 Proof Committee Hansard, 25 May 2000, p.313

19 Proof Committee Hansard, 25 May 2000, pp.318-319

20 *Proof Committee Hansard*, 22 May 2000, pp.10, 11 and 14

21 *Proof Committee Hansard*, 22 May 2000, pp.14-27

22 *Proof Committee Hansard*, 22 May 2000, pp.30-31

23 *Proof Committee Hansard*, 22 May 2000, p.32

24 *Proof Committee Hansard*, 22 May 2000, p.33

25 *Proof Committee Hansard*, 22 May 2000, pp.36-37

26 *Proof Committee Hansard*, 22 May 2000, pp.45-48

27 *Proof Committee Hansard*, 22 May 2000, pp.49-51

- the allocation of \$6 million to the Sydney Harbour Federation Trust;<sup>29</sup>
- issues arising from the mid-term review of the Natural Heritage Trust as well as the impact of the Goods and Services tax on Trust grants;<sup>30</sup>
- resources required for an inquiry into biological resources;<sup>31</sup> *and*
- various issues relating to greenhouse gas abatement programs.<sup>32</sup>

### **Acknowledgements**

The Committee expresses its appreciation for the assistance given during the hearings by Senators the Hon. Robert Hill, the Hon. Chris Ellison and the Hon. John Herron. The Committee also acknowledges the assistance of departmental and agency officers and the services of the Parliamentary staff involved in the Estimates process.

**Senator Alan Eggleston**  
**Chair**

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28 *Proof Committee Hansard*, 22 May 2000, p.55

29 *Proof Committee Hansard*, 22 May 2000, pp.55-58

30 *Proof Committee Hansard*, 22 May 2000, pp.67-77

31 *Proof Committee Hansard*, 22 May 2000, pp.77-80

32 *Proof Committee Hansard*, 22 May 2000, pp.87-100

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## DISSENTING REPORT BY ALP SENATORS

### Commercial in Confidence claims

A problem appears to be developing in relation to claims of commercial-in-confidence by some government agencies and Telstra. ALP Senators asked for details relating to the nature, duration and total value of current contracts between Telstra and Leighton Holdings.

It should be noted that Mr Besley who is currently chairing a public inquiry into Telstra service standards has been involved with the Leighton Group. In response to a question put on notice to Telstra at the Supplementary Additional Estimates hearings in early May 2000, Telstra advised that the material was commercial-in-confidence. This means that ALP Senators would be restricted in the use of material obtained through open parliamentary processes. There may well be legitimate public interest in public disclosure of these matters. ALP Senators think it appropriate to draw the attention of the Senate to this issue. We have formed a preliminary view that Telstra's use of the commercial-in-confidence response is inappropriate in this context. As stated by Senator Bishop during the Estimates public hearings:

At this stage, that is not a restraint that we are prepared to accept. We are of the view that Leighton Holdings might do a lot of contractual work, construction work, for Telstra. Its chairman has chosen to do this job and enter into the public arena, and in fact do a very public inquiry upon which the future of Telstra may well be decided if the government accepts firstly, his findings and secondly, his recommendations. On that basis, we are not satisfied that the nature of current contracts—note, current contracts, not past contracts— does not impinge upon the welfare of his company. So I would invite you to review that decision, Mr Stanhope, and advise you that we will pursue this matter further, at this stage within the confines of the Senate.<sup>33</sup>

This dissenting Estimates report is a most unusual occurrence for the Environment, Communications, Information Technology and the Arts Legislation Committee. It is occasioned by the concern felt by ALP Senators at the increasing resort by government agencies to commercial-in-confidence claims as a response to requests for full public disclosure of relevant material.

**Senator Mark Bishop**

**ALP (WA)**

**Senator Nick Bolkus**

**ALP (SA)**