



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON PETITIONS

Reference: Petitions presented before 5 September 2008

WEDNESDAY, 24 SEPTEMBER 2008

CANBERRA

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

[10.14 am]

BURKE, Mr Paul, Acting Corporate Secretary, Australia Post

O'BRYAN, Mr Glenn, Manager, Consumer and Small Business, Commercial Division, Victoria/Tasmania, Australia Post

BESGROVE, Mr Keith William, First Assistant Secretary, Telecommunications, Network Regulation and Australia Post Division, Department of Broadband, Communications and the Digital Economy

CAMPTON, Ms Ann Louise, Acting Assistant Secretary, Broadcasting Industries Branch, Broadcasting and Content Division, Department of Broadband, Communications and the Digital Economy

RIZVI, Mr Abul, Deputy Secretary, Department of Broadband, Communications and the Digital Economy

UTTING, Mr Ben, Assistant Secretary, Regional Telecommunications, Department of Broadband, Communications and the Digital Economy

CHAIR—Although the committee does not require you to speak under oath, you should understand that this meeting is a formal proceeding of the parliament. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of the parliament.

I am going to start off with a few questions on some of the petitions that have been tabled in the House and on the response that we have received from the minister. A petition was tabled on behalf of people within the Robertson electorate about Next G coverage and payphones. The minister's reply was received in August. Page 2 of the minister's response, under 'Mobile phone coverage', stated:

Telstra has advised it has no current plans to extend mobile phone coverage between Mangrove Mountain and Wisemans Ferry.

Does the department have no influence at all on providers of this service? Also, does the department bring complaints such as those raised by the petitioners to the attention of all providers, not just Telstra?

Mr Rizvi—The fundamental decision to locate a mobile phone tower and about the coverage that is provided is a commercial decision. We, the department, do not have any direct authority to direct a commercial provider in terms of where they will locate their mobile phone towers. Having said that, we are aware that not just Telstra but also Optus and other mobile phone carriers have been progressively expanding their mobile phone coverage. Optus and other carriers have announced plans to extend to a footprint which is in many respects approaching the levels that Telstra has achieved. Telstra advises that it at the moment provides coverage to approximately 99 per cent of Australian homes and businesses and that it covers approximately

25 per cent of the Australian landmass. The other carriers are not up to that level yet but have announced plans to extend coverage. Where particular concerns about mobile phone coverage are drawn to our attention, we raise them with the relevant carrier. It usually relates to an individual who is with a particular carrier, and hence we will raise it with that carrier. More often than not that tends to be Telstra but can sometimes be the other carriers.

CHAIR—Page 3 of the minister's response states:

Residents of the Robertson electorate may be eligible for assistance under the Government's *Satellite Phone Subsidy Scheme* ...

Apart from the subsidy, how does the cost of a satellite phone compare with Next G?

Mr Rizvi—The cost of satellite phones has been coming down, but of course we need to take into account the cost of the handset, which is still higher than the cost of a terrestrial mobile phone. The cost of a satellite handset varies from about \$1,000 for a basic model through to \$2,000 or \$2,500 for a more expensive model. The ongoing costs of satellite service are generally also higher, often twice as high as the costs of a standard service.

Mr ADAMS—Do you need a digital to pull it down?

Mr Rizvi—No, you can use the handset. The handset will do the trick.

CHAIR—The area referred to in the petition is Mangrove Mountain, which is less than 50 kilometres from the centre of Sydney, as you would be aware. Does the department regard poor service so close to capital cities as acceptable?

Mr Rizvi—I think we need to look at it in context. With your indulgence we can provide you with some maps of the area to try to explain some of the technical issues that mobile phone carriers face in dealing with this. What we will provide you with is four maps. One is a topography map to show you the nature of the topography in the area and how that impacts on mobile phone coverage. The second is a map which shows mobile phone coverage before CDMA was turned off and does not include Next G coverage. The other map we will provide you with is the map which shows current Next G service in the area. That map there, with the grey, is the map showing CDMA coverage and coverage by other mobile phone providers earlier this year, prior to the switch-off of CDMA. The grey areas indicate where coverage is available. The white areas indicate where coverage is not available.

I draw your attention to the topographic map. You will see the road from Mangrove Mountain through to Wisemans Ferry. Mangrove Mountain is at the top right-hand corner of the map, and Wisemans Ferry is towards the left-hand side of the map. You will notice the road largely follows the route of the river. The mountains around that area and the steepness of the terrain leading down to the river are quite substantial. We are advised that, even though there are quite a significant number of mobile phone towers in the area, that terrain means that near the river the signals can be poor. Sometimes, as you can see from the map with bits of white dotting along the river, that is the area where the coverage is not getting to. We are advised by Telstra that to try to address that is a very substantial technical challenge.

Mr ADAMS—Has anyone tested Telstra's claim that they cover 99 per cent of the landmass of Australia?

Mr BROADBENT—No, they did not say 99 per cent.

Mr Rizvi—It is 99 per cent of homes and businesses but only 25 per cent of the landmass.

Mr ADAMS—Sorry—what is the claim?

Mr Rizvi—The claim is that 99 per cent of homes and businesses in Australia have access to mobile phone coverage.

Mr ADAMS—Does that include satellite?

Mr Rizvi—No, that does not include satellite; that is—

Mr ADAMS—That is from tower to tower?

Mr Rizvi—Correct.

Mr ADAMS—Has that been tested in any way?

Mr Rizvi—There were tests undertaken by the Australian Communications and Media Authority as part of the process for the minister's decision on the closure of CDMA. ACMA did a drive test which involved driving across various parts of Australia. I think the drive test coverage was around 15,000 kilometres. Taking that as a representative sample, ACMA were of the view that Telstra's Next G network was providing coverage equivalent to CDMA coverage. They have not, as far as I am aware, tested the claim of 99 per cent.

Mr ADAMS—All right. I take what you said about the people who are petitioners and what you said about the coverage of the area and the geographic make-up of the land. How much knowledge of that is out in the community? Have you relayed that information back to those who have petitioned us? There is no doubt that Next G technology is superior to CDMA and that it creates a lot of great opportunities for communications. Unfortunately, most people do not understand that point. Have you indicated that to the people who have petitioned the parliament? What sort of opportunities are there for other competition from wireless technology in this area? Has that information been given to the people who have petitioned us?

Mr Rizvi—We have not directly contacted the persons who have petitioned. As part of the process leading up to the minister's decision on CDMA, the minister required Telstra to take a number of steps to improve the quality of the information they are providing to customers in this area. For example, Telstra were required to open up a new hotline, which received a very substantial volume of calls associated with coverage. Telstra also introduced an extra 50 advocates to help with explaining the transition process to people converting from CDMA to Next G. The minister also required Telstra to significantly improve the quality of the information to customers that is provided through the Telstra shops and also through the Telstra website, so the quality of that information is now substantially better in terms of what is going on in respect of coverage.

As part of that process, Telstra also introduced an arrangement whereby people who felt they had been given incorrect advice associated with the Next G handset had the opportunity to approach Telstra and, where they could demonstrate that even though they had made like-to-like conversion they were still not getting adequate coverage, Telstra did provide those people with a free upgrade handset or an upgrade to the antenna. The bulk of those services, perhaps apart from the free element, is still available from Telstra, and we would continue to encourage people to talk to Telstra about either getting their mobile handset tweaked or getting a connection to an external antenna or getting a phone with one of those little antennas rather than the phones without.

Mr ADAMS—What about the competition of other wireless technology in that area?

Mr Rizvi—We have certainly seen over the last year or so a very significant increase in competition with the announcements from Optus and Vodafone that they are significantly increasing their coverage. That process is going on and we are monitoring that closely. It is a plan that will go over a number of years, but that plan is being implemented very extensively, from what we can see, and that is delivering significant competition into the market.

Mr ADAMS—What about access to broadband for these people who cannot get phone coverage?

Mr Rizvi—The broadband issues are also being delivered, as you are aware, fundamentally through the NBN process. But, in the interim, the government has announced an additional \$270 million under the Australian Broadband Guarantee program that will provide those areas of Australia where people cannot access a commercial metro-comparable service to obtain a subsidised service from an Australian Broadband Guarantee provider. Sometimes that will be via a terrestrial service, but where that is not feasible a satellite broadband service is available through the Australian Broadband Guarantee.

Mr ADAMS—And all this information has been sent back to the petitioners?

Mr Rizvi—It has not been sent back to the petitioners, but we could certainly arrange to do that.

Mr BROADBENT—I have these problems in my electorate too. Firstly, do you know whether the former government's OPEL initiative would have provided improved coverage in this area? Secondly, will digital radio make any difference to people who live in areas like this? I do not know a lot about digital radio, but is it going to be another form of communication?

Mr Rizvi—I am not a technical expert, so please excuse me, Mr Broadbent, but my understanding is that digital radio will not actually assist with the mobile problem.

Mr BROADBENT—Would the OPEL initiative have given coverage?

Mr Rizvi—I would have to take that on notice. That is a fairly complex question.

Mr CRAIG THOMSON—I have a follow-up question to the answer you gave about Telstra saying that they had a lot of towers there already. My electorate backs onto this electorate and

we actually share the same problems on the other side of Mangrove Mountain, leading up through Dooralong and the Yarramalong Valley. What we found there, though, is that, through a government project to build a pipeline, the constructors have actually paid to have towers put in there so that they can get mobile phone coverage and so forth. Isn't it really just a cost issue of putting in additional towers there? One of the benefits to my electorate from this major project will be that these towers will be left there afterwards, so is it just a question of money that we are coming down to here?

Mr Rizvi—Ultimately it is a question of money, and ultimately it is a commercial decision.

Mr ADAMS—On the amount of people who are going to use the phone service?

Mr Rizvi—It will be the level of revenue they can get and whether that will be an adequate return on their investment in capital.

CHAIR—I would like to move on now to Australia Post, but I am just going to ask you one more question about Minister Conroy's response. It is only a very quick question. He has tucked in his response:

The residents of the Robertson electorate may be interested to note that the Regional Telecommunications Independent Review Committee ... is due to report to Government in August 2008 ... identifying areas that the Government may consider for future action.

I gather that that was presented on 5 September, and the minister is to report within 15 sitting days, so that will not be until sometime in November. Is that correct?

Mr Rizvi—The report has been provided to the minister. The legislation requires the minister to table the report in parliament within 15 sitting days and then to table the government's response within six months.

CHAIR—Thanks for that clarification. I know there are a number of members who want to ask Australia Post some questions, but I am just going to ask one about the Jewells post office. The minister wrote a letter to the committee in June, and that was after meetings with Ms Jill Hall MP. He stated in the letter:

Another on-site meeting with the owner/developer and leasing agent is scheduled for 25 July.

Has a decision being made, or will it be reviewed sometime in the future as other developments take place within the area?

Mr Burke—Yes, that meeting did take place on 25 July with the owner and the developer and the leasing agent, with our New South Wales commercial management. A decision has been made. At this point in time, there is no compelling commercial reason to put an outlet in Jewellstown Plaza. In the metrics that we consider when looking at introducing new outlets across Australia, we look at the distance from the location to other outlets within that region; we look at customer accounts at the other outlets to see if there are issues with queuing times; we look at the profitability of those outlets, because 3½ thousand of our 4,400 outlets are owned by licensed post offices or small business owners and, by introducing a new outlet, we do not want

to unfairly impact on their revenue stream as well; and we also look at post office box holder numbers and whether or not there is any waiting list for a post office box. We have communicated that to Ms Hall and to the owners and the developers of that site. There is no opportunity for an outlet there, but we are happy to keep reviewing that periodically if need be and if the circumstances change.

CHAIR—Thank you for that. This is my last question to Australia Post, then I will hand it over to other committee members. Mr Billson tabled a petition in the House regarding Traralgon Post Office on 25 June. I do not know whether the member for McMillan might want to ask you a question, because I believe that borders your electorate—or Mr Billson might want to. In the minister's response, he stated—

Mr CHESTER—That is my electorate.

CHAIR—I take that back. I do apologise. If you do not mind, I just want to ask one question on this. Minister Conroy has stated:

Australia Post has advised that no decision has been made to relocate its retail services from Traralgon Post Office in Franklin Street.

I gather that no decision has been made at this time—or are you reviewing it? Could you give us an update.

Mr O'Bryan—Yes, I can certainly give you an update. We are reviewing the postal services in Traralgon. Hopefully, early next week, we are putting out to the community for feedback from the community what we propose to do in Traralgon. That is not the final decision. The final decision will be made after we receive all the feedback from the community. We are proposing to put that period out until the end of November.

With the amount of feedback that we already have received after initially discussing with some local shareholders there our plans of reviewing Traralgon, our proposal is that we will retain postal services at the Franklin Street location. The proposal that we are putting forward to the community is to consolidate the Church Street location into Franklin Street. That will be subject to heritage and local planning permits such that we can actually operate and expand that outlet at the current site. We will also look at the possibility of setting up some outlets in the outer areas of Traralgon—Traralgon is a reasonable sized town—under a licence format to better service the people that live a little bit out of the main CBD area. But, again, we have not made a decision yet. We will put that out for public consultation, looking for feedback by 30 November. We will consider the feedback and then make a final decision.

CHAIR—Mr Chester, since this is your electorate, do you want to ask your questions?

Mr CHESTER—Thank you to Glenn and Paul for attending today. I will just note for the committee's sake that I have met with them previously, as the local member, to discuss these issues. I think you have conducted yourselves very well in being open to consultation. I think the news that the Franklin Street site will be maintained will be very welcome in the Traralgon community, and I congratulate you for that decision. I am just wondering about the actual petition process. Mr Billson, who tabled the petition with 3,800 signatures, is here today. Did it

factor into the consideration by Australia Post that the petition was tabled in the parliament? Was it a consideration for you in reaching the decision to retain the Franklin Street site?

Mr O'Bryan—There was already a considerable amount in the media there about our proposal. There was already considerable concern, I suppose, so the petition did not sway one way or another. It was certainly quite clear that there was a considerable concern, due to the media and information that our staff received from that place. Whilst obviously the petition supported the view that was coming through to us, it certainly did not impact any of our decision-making or review processes.

Mr Burke—We did request and receive a copy of the petition itself from the House. We looked at the petition, trying to identify addresses of people who signed the petition. Unfortunately, the petition just had the name and the signature. We wanted to use the information in the petition to see where we could probably establish the up to two new outlets in the Traralgon area.

Mr ADAMS—There is a new system that we now have for petitioning parliament, hence the House of Representatives Standing Committee on Petitions. It is a whole new world happening, so you might want to bring this up.

CHAIR—I think you just stated that you actually received a petition.

Mr Burke—We requested a copy of the petition once it was tabled in parliament by Mr Billson, and we got a copy of that petition.

CHAIR—Though not from the House?

Mr Burke—It must have been the Table Office or something.

CHAIR—Personal information is not provided.

Mr Burke—Okay.

Ms GEORGE—I note that, in the response to the submission and the petitions about Jewells, Traralgon and Tamworth, you say that Australian Post operates in a manner consistent with 'sound commercial practice'. Prior to the introduction of this new form of petitioning, I had a similar issue to the ones that are before you. My recollection is that the reason I was not successful on behalf of the petitioners in establishing an outlet in East Dapto was the fact that the new outlet proposed was too close to an established service, despite the fact that huge population growth was occurring. I just wonder: have you now deliberately not given the reason about location because it potentially, I would think, could be in breach of Competition Policy to use the locational argument? Secondly, if location is still a determinant factor as to where the outlets are located, is that frozen in time? In the case that involved my petitioners, it was clearly demonstrated that there was huge population growth, but it seemed that Australia Post had a fixed logistical response because of the proximity to an established outlet. You do not talk about location in these letters. Is that a change in policy?

Mr Burke—I am not familiar with your particular example, but my understanding—and Glenn can comment here—is that the location of existing outlets is a very important determinant in assessing whether or not a new outlet can be established.

Ms GEORGE—And you do not see that in any way conflicting with competition policy?

Mr O'Bryan—I am not an expert on competition policy, but certainly on the location of post offices—I am just taking the Victorian example, not the example you quoted there—we have numerous requests in the growing areas for locations of outlets and we consider them very carefully. One of the key determinants is how close another outlet is. If another outlet is close, we then look at the factors that Mr Burke mentioned—queue times and customer numbers. I will give you an example. We have just located one at Tarneit in Werribee, which is a fast-growing area in Melbourne. We have had numerous requests for another post office there and we have reviewed it over about two or three years time. The other outlets in the area have got to the point where the queue times have extended and cannot cope with the number of customers, so we have now placed another outlet in Tarneit to take up some of that volume. But quite clearly, if you place a post office next to another post office—

Ms GEORGE—No, it was an outlet, not a post office.

Mr O'Bryan—If you place an outlet next to another one, you will draw customers off that. So it does have an impact on the commercial viability of the pre-existing outlet, and our business is certainly run on throughput. We have very low margins in our business and the viability of it is really based on how many people come through the door.

Mr ADAMS—Does the customer get any input? Is there any consideration that you are offering a service?

Mr O'Bryan—We have a customer service obligation to have outlets stationed in the metropolitan and regional areas within population percentages, and we meet those, so we are very conscious of those.

Mr ADAMS—We have had petitions about Jewellstown Plaza. I think you mentioned earlier, did you?

Mr Burke—Yes, I did.

Mr ADAMS—You have still knocked that back. I see that the local area is saying that they will fit out a centre and they will reduce the rent to make the opportunity available for an outlet. That is to give a service in that actual area, but that still does not motivate you. You made the decision on other criteria.

Mr Burke—We did. In this respect, in regard to the Jewellstown Plaza location, there are four other outlets within a distance of 3.4 kilometres as the crow flies. Merely introducing a new outlet essentially means that there is no increase in postage revenue. The postage revenue is just distributed over a wider area. There might be increases in complementary products like merchandise and so forth, but what we have found is that those revenue increases are not enough to justify the fixed cost of establishing an outlet.

Mr ADAMS—And all that information on what your decision-making processes are has been sent back?

Mr Burke—My understanding in this instance is that our commercial manager has met with the owner, the developer and the leasing agent and has communicated the information to them on numerous occasions.

Mr ADAMS—But some people are going to take the risk. If an agent is going to take the risk, isn't it up to them? They are taking the commercial risk, so I do not see why Australia Post has to be so concerned about it. If they take the risk and they lose, that is a commercial decision by them.

Mr Burke—But there is still risk associated with Australia Post establishing an outlet in terms of the fit-out costs, the staffing costs and the logistical costs of servicing that outlet, and that is what we take into account. Having said that, we are in the process of establishing four new outlets in the New South Wales region, for example, and we assess each outlet on its merits. But we routinely assess these on a very regular basis.

Mr ADAMS—I understand that.

Mr BROADBENT—I have three questions. Firstly, I have a pecuniary interest here, Paul, because I am one of your best customers in my area. I would like you to thank me for that.

Mr Burke—I thank you.

Mr BROADBENT—Secondly, I would like to take advantage of the situation and ask you to reduce the queues at the Pakenham post office as often as you can. I don't mind jumping behind the counter myself if that will help!

Mr Burke—We can look into that for you, Mr Broadbent.

Mr BROADBENT—You referred before to the usefulness and substance of the petition in regard to the Traralgon post office. I am talking about the process of our petitions, because we are in a learning process here, too. Do you think that the status of a petition is diminished by the fact that it has not got the addresses of the people involved?

Mr Burke—In terms of what we are going to use a petition for, it was diminished, but in terms of the role it plays in the democratic process, it is not diminished; it is an indication of community feeling and support.

Mr BROADBENT—I am not just talking about the Traralgon post office; I am talking about many post offices around Australia which were classic buildings of their time—it was probably one of the best build buildings on the community. There is Wonthaggi—I can go through a whole lot in my area. When you think about this redevelopment or changes of service or changes of process, do you take into account, even if they are not heritage listed, the value to a community that that old, unusable post office is and find a way to build around that? And if you decide to go where you are going with the Traralgon post office, are the people around so that you can actually build in the same style, so the building is not diminished by some square box

banged out the front of it? Because that would be worse than moving it. Sorry, local member, I had better be careful what I say here. They tore down the one in the main street of Pakenham and built new shops. It is probably one of the saddest things that happened. Bureaucrats—what do you do?

Mr O'Bryan—I can certainly answer the Pakenham one and give you some information about Pakenham. The old buildings do present us with a great challenge, particularly—

Mr BROADBENT—With steps and access, do you mean?

Mr O'Bryan—Yes, disability access. As soon as you do any substantial renovations you are required to meet the disability act. The amount of money you have to put into an old building to get it compliant is significant.

Mr BROADBENT—Is it right that quite often you have not got access to be able to do that without rendering of the rest of the building useless?

Mr O'Bryan—Usually it is through the front door and if you start playing around with the front door you ruin the facade of the building, which is the historical significance of it. We have many examples in Victoria where we cannot even agree with the council about getting access into buildings. I can mention Beechworth and Hamilton, where they are not disability friendly or compliant—

Mr BROADBENT—Is that an issue at Traralgon?

Mr O'Bryan—I would have to have a look at that. It could possibly be. There were changes in the grading of the access into the buildings. It is a lot less now than it was 10 years ago. We would have to have a look at that. As I mentioned before, we would have to go through some heritage and planning issues before we could put all the services in at Traralgon.

Mr BROADBENT—I am just making the point, Chair, that sometimes some of these things are out of our hands in regard to what we have to go through in the process.

CHAIR—Yes.

Mr ADAMS—Maybe Australia Post could seek to put an extra cent on a stamp so that they have enough income then to protect the heritage of postal services in Australia.

Mr Burke—We have over 150 heritage listed properties in our portfolio. In terms of the process we go through in notifying how we respect that heritage listing, if we want to do any internal works, we have to get heritage approvals.

Mr BROADBENT—What does that cost you, Mr Burke?

Mr Burke—I would have to take that on notice, but I could find that out.

Mr BROADBENT—Is there a ballpark figure?

Mr Burke—I would only be guessing. Our commitment to heritage buildings is significant. For those of you who might have been over to Perth recently, we have just redeveloped the Perth GPO. That will be opening later this calendar year—in October or November, I think. We have done redevelopments in Sydney and in Melbourne as well. We are very conscious of the heritage aspects of our property portfolio and the community's feelings about that.

Mr ADAMS—Some of the things that were stuck on them in the fifties and sixties—flat rendered concrete—and then behind them is this lovely—

Mr BROADBENT—Very attractive that rendered concrete!

Mr ADAMS—It is a lot of work to do that.

Mr BROADBENT—Yes, it is.

CHAIR—Ms Marino, you recently lodged a petition with the House, and I wonder if you would like to ask a question on your petition?

Ms MARINO—I certainly would. First, what are the potential costs in upgrading that service; and, second, how quickly could that occur?

Mr Rizvi—There are two potential ways in which the problem could be addressed. One would be to develop additional satellite servicing provisions in the area. At the moment there are two satellite services available for remote and regional parts of Western Australia. One of those is delivered from Kalgoorlie and the other is delivered from Karratha. The costs associated with extending that to an additional satellite service, we are advised by the ABC, would be substantial. We do not have precise estimates of that but we could take that on notice.

One factor that the ABC would raise in that context, of course, is that there are many towns that would be similarly affected because, for example, only two satellite services are used in the whole of Western Australia. If additional satellite services were to be provided, there would be a need to consider a range of other communities, who would argue they are in a similar situation to Nannup.

Ms MARINO—I understand that.

Mr Rizvi—It would be a question not just of how we solve the situation for Nannup but of how we solve it for all other communities in Western Australia—indeed, in the whole of Australia—who are similarly affected.

Ms MARINO—I understand that. However, the safety issue is of concern. Here we have a group of people who are receiving a feed from Karratha and who do not get their flood and fire warnings as a result. This is bigger than just providing a service; this is about health and safety issues. In the summer they cannot get a bushfire warning because their coverage comes from Karratha. You cannot get it on radio or in any other form.

Mr Rizvi—We can raise your concerns further with the ABC.

Ms MARINO—They are very real.

CHAIR—Could you take that on notice and get back to us.

Mr Rizvi—We will take that on notice and take it up with the ABC.

CHAIR—My apologies. We will have to suspend proceedings for the time being. There is a division in the House.

Proceedings suspended from 10.52 am to 11.05 am