



COMMONWEALTH OF AUSTRALIA

JOINT STANDING COMMITTEE

on the

NATIONAL CAPITAL AND EXTERNAL TERRITORIES

Reference: Communications and the external territories

CANBERRA

Friday, 5 June 1998

OFFICIAL HANSARD REPORT

CANBERRA

JOINT STANDING COMMITTEE ON THE NATIONAL CAPITAL AND EXTERNAL
TERRITORIES

Members:

Senator McGauran (Chair)

Senator Allison	Mr Dargavel
Senator Carr	Ms Ellis
Senator Lightfoot	Mrs Johnston
Senator Lundy	Mr Nehl
Senator West	Mr Neville
	Dr Southcott

To inquire into and report on:

Communications to and within Australia's External Territories, with particular reference to:

1. identifying the elements of a comprehensive and modern communications system required by communities with the characteristics of the External Territories;
2. the adequacy of existing services in meeting the communications (being broadcasting, postal, internet and on-line services, and telecommunications) needs of the residents of the External Territories;
3. the extent to which communications services available to the residents of the External Territories are of a similar standard to those available in Australia generally; and
4. the strategies required to address the future communications needs of the residents of the External Territories, including the costs, the roles of government, the private sector and the communities themselves in addressing those needs.

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JOINT STANDING COMMITTEE ON THE NATIONAL CAPITAL AND EXTERNAL
TERRITORIES

Communications and the external territories

CANBERRA

Friday, 5 June 1998

Present

Senator McGauran (Chair)

Senator Allison

Mr Nehl

Senator Lightfoot

Senator Lundy

Committee met at 9.08 a.m.

Senator McGauran took the chair.

CHAIR—I declare open this public hearing of the Joint Committee on the National Capital and External Territories. It is the first public hearing into the communication needs of Australia's external territories. In referring the matter to the committee, the Minister for Regional Development, Territories and Local Government noted that residents of the territories have been experiencing a variety of difficulties and challenges which impinge on their ability to have the same access of communication as their fellow citizens in other remote areas. Hence, this inquiry.

Before I call the first witness, I do remind everyone present that these are proceedings of the parliament and warrant the same respect. You can obviously tell I am reading from a script here because, in fact, without a quorum, they are not equal to the proceedings of parliament. The committee does not require witnesses to swear an oath or make an affirmation, but this does not diminish the importance of the evidence of the hearing.

On behalf of the committee, I welcome the representatives from Australia Post.

[9.09 a.m.]

BOUCHER, Mr Noel, Manager, Parcels Business Planning, Australia Post, 321 Exhibition Street, Melbourne, Victoria 3000

RYAN, Mr Gerald Patrick, Secretary, Australia Post, 19th Floor, 321 Exhibition Street, Melbourne, Victoria 3000

CHAIR—I invite you to make a short opening statement before we proceed with questioning.

Mr Ryan—Thank you, Mr Chairman. The statement I propose to make will take about 10 minutes, if that is satisfactory to you.

CHAIR—Sure.

Mr Ryan—Thank you for the opportunity to appear before the committee this morning. In this opening submission, we will cover four issues: the territory status in so far as our act is concerned; I would like to deal with some issues relating to postal charges; then some specific issues for each territory that we are aware of, either from submissions or from our normal contact with them; and a brief conclusion.

I will begin with a short outline of the status of the territories in so far as our act is concerned. In the case of Indian Ocean territories, the act—that is, our act—was amended in June 1992 to extend its coverage to both Christmas Island and Cocos (Keeling) Islands. That was consistent with the Territories Law Reform Act which was passed at that time that provided for a general application of Commonwealth laws to the Indian Ocean and territories.

Subsequently, we assumed operational responsibility for Christmas Island on 2 March 1993 and for Cocos (Keeling) Islands on 1 January 1994. Previously, postal services on the islands had been the responsibility of the respective territory administrations.

Our act does not extend to Norfolk Island, which has its own postal administration established by statute under the laws of the island. This means, for example, that our community service obligations in respect of the letter service do not apply to Norfolk Island.

I would like to deal briefly with postal charges. All external territories are charged the same as any other Australian location for standard small letters—that is, the basic uniform rate of 45c per letter. Even though in the case of Norfolk Island, as I just mentioned, our CSOs technically do not extend to that territory, we do offer that service at the uniform rate. Other convenient uniform rate services, such as small parcels up to 500

grams, our parcel post satchels and our express post satchels also extend to the territories at the uniform rate.

In the case of large letters, domestically large letter prices vary within and between states and, for charging purposes, Christmas and Cocos (Keeling) Islands are treated as part of Western Australia, Norfolk Island as part of New South Wales and the Australian Antarctic Territory as part of Tasmania. Large parcel charges, over 500 grams, also vary within and between states and zones within states. With the exception of Norfolk Island, which I will return to shortly, the other territories for parcel charging purposes are treated as part of the wider Western Australian or Tasmanian zones.

I would like to deal with some specific issues relating to each territory. An issue arose with Norfolk Island in the early 1990s about payment for the imbalance between mail sent to Norfolk Island and mail received from Norfolk Island. In 1994, a memorandum of understanding was concluded between us and the Norfolk Island postal service. A key element of that is payment by Australia Post of \$1 per kilogram for the imbalance in mail, and, by mail, I mean letters and parcels. To explain that a little more, that is in recognition of the fact that Norfolk Island receives significantly more mail than it despatches. So it incurs costs in delivery which exceed the revenues from its outgoing mail. So, in 1997, the Norfolk Island postal service received around \$60,000 from us in imbalance payments.

Mr NEHL—Excuse me one second. The Norfolk Island postal service—they have their own?

Mr Ryan—Correct. Yes, they do. The review of our parcel charging structures in 1994 also affected Norfolk Island. We found in that review that the true cost of providing the parcel service to Norfolk Island was not being reflected in our charges, and in fact other postal users were heavily subsidising that service.

At that time, Norfolk Island was included in the country New South Wales zone for parcel charging purposes. We found, in fact, there had been wide scale abuse of the parcel service to Norfolk Island, including the ordering and sending of items such as motor vehicle tyres through the post at this heavily subsidised rate. As a result, we created a separate parcel charging zone for Norfolk Island, and we adjusted the charges from the very low rates to their current rates in three stages over a year so that now the charges for Norfolk Island reflect the actual costs incurred, plus a margin.

I will now deal with some issues relating to Cocos (Keeling) and Christmas Islands. Postal services on Christmas and Cocos (Keeling) Islands are provided through licensed post offices which offer a range of mail and agency and financial services to the local communities, and licensees, as I think the committee may know, operate on a commission basis. These licensees also get additional payments for any specific work undertaken by way of mail sorting and mail delivery. Mail delivery in both of these

territories is from the licensed post office, and it is either over the counter or via a private box. The private box is at a concessional rate because there is no street delivery.

The FaxPost service is also available to and from both territories. The licensed post office on Christmas Island opened in March 1993 and services a community of around 2,000 people. The licensed post office for Cocos (Keeling) Islands opened in January 1994 and it consists of a principal outlet on West Island and an annexe on Home Island. Together they serve a community of around 600 persons.

So far as the conveyance of mail to and from Cocos (Keeling) Islands is concerned—and I think this has been referred to in a number of submissions—we are dependent on available transportation. The islands are currently serviced by a weekly air service provided by National Jet Systems under an arrangement with the Department of Territories. There is also a five-weekly sea service.

Air mail to the islands—and I am talking still of Cocos and Christmas Islands—is consigned as normal air freight and takes priority in principle over other freight. However, due to the limited freight capacity of the aircraft which services these islands, mail has on occasion been off-loaded due to large amounts of passenger excess baggage. That excess baggage has a loading preference over all other freight.

With the exception of 200 kilograms of mail which was delayed by a week at the end of April this year, all mail has been uplifted on schedule in recent times. The Department of Territories, we understand, recently arranged for a second weekly flight to operate over a five-week period from 20 May to clear a backlog of freight for the islands. In my reference earlier to mail being on schedule, I am really talking about letter mail and express mail. I am not talking about heavy freight.

CHAIR—Who scheduled the extra flights?

Mr Ryan—I understand it was the Department of Territories who has scheduled extra flights for a five-week period to clear a backlog of freight.

CHAIR—Which includes mail?

Mr Ryan—No. It does not include normal letter or express mail. It may include some heavier parcels. Surface mail is in the main conveyed by the five-weekly sea service to the islands and operated by the vessel *Thor Kirsten*. There have been instances of breakdown and inability to unload on occasions due to weather conditions. That has disrupted surface mail delivery from time to time over the years. For a period towards the end of 1996, some surface mail was airlifted via Indonesia using Sempati Air and subsequently from Broome using National Jet Systems. However, those connections no longer operate.

If I could just touch briefly on the Antarctic Territory. Mail for Australian bases in Antarctica is dispatched by the regular supply voyages. Their mail is sorted and individually bagged for each addressee prior to dispatch. Return mail is assessed and charged by a nominated representative at each of the bases and is lodged at the Hobart Mail Centre when the vessels return to Tasmania. Again, the FaxPost service is also available to Antarctic Territory bases.

If I could sum up, the services to individual territories do vary slightly, depending upon their status and on their particular circumstances. Where uniform rate services are available within Australia, these extend to the territories also. Where differential pricing applies—for example, for large letters or parcels—for charging purposes the territories are generally treated as part of the state or state zone to which they are closest geographically, the one exception to that being Norfolk Island, which, for the reasons I outlined earlier whereby they have their own local statute and we have a special memorandum of understanding regarding mail and ballots because of their particular costs, they have a separate charging zone for parcel services. As far as the conveyance of mail to and from the territories is concerned, available transportation is used, as elsewhere in Australia.

Finally, in those territories where we have an operational responsibility for mail services—and we do not on Norfolk Island; we are talking there about local operational responsibility—the local retail arrangements are consistent with those applying in Australia generally.

Mr NEHL—I would just like to pursue the Norfolk Island postal service. Could you just recap the financial arrangements for that? I take it that mail going to Norfolk is posted in Australia and therefore you are responsible for getting it to Norfolk Island. Are they responsible for getting their outward mail back to us or do we do that, too?

Mr Ryan—Certainly in the first instance of mail going to them, we are responsible for getting it to them. Once they take receipt of it, it is their responsibility for distribution on the island through their own postal service. They certainly have responsibility also for getting the mail to us through the outgoing aircraft that are available from Norfolk Island or, indeed, by sea.

Mr NEHL—Do they pay or do we?

Mr Boucher—They would pay for the transportation back to Australia.

Mr NEHL—Do you regard it as satisfactory that a part of Australia has a separate mail service?

Mr Ryan—It is a by-product of the particular statutes that apply to Norfolk Island and, from our perspective, so long as the interface between us and them works effectively, then that is as far as we would really take the matter.

Mr NEHL—Do you ever have any problems with them? Are they recalcitrant at all?

Mr Ryan—As I understand it, we have some healthy debates about the mail imbalance issue and the extent to which we needed to compensate them for that. We also had some exchanges over the adjustments to parcel prices that occurred two or three years ago. That was again a fairly vigorous debate.

Mr NEHL—I am correct in understanding that we subsidise the Norfolk Island postal service?

Mr Ryan—To the extent of \$60,000 in 1996, as I think I mentioned in the opening statement.

Senator LIGHTFOOT—Is that Norfolk Island?

Mr Ryan—That is Norfolk Island, yes.

Senator LIGHTFOOT—What other losses are there for the other territories of Cocos (Keeling) and Christmas Islands?

Mr Ryan—I think I do have some information on that.

Senator LIGHTFOOT—While you are doing that, one could compare that to— notwithstanding their territories—Kangaroo Island, where there are large settlements, or King Island, where there is another large settlement. They do not suffer any impost, do they, as a result of the additional cost to landing mail?

Mr Ryan—No, they do not, and nor does Cocos or Christmas Island. They do not bear any additional impost for our standard services for which there is a uniform rate across Australia. They enjoy the same charges.

Senator LIGHTFOOT—But Norfolk does?

Mr Ryan—In the case of Norfolk Island, yes, we found that our parcel prices in particular were being heavily subsidised by our other customers. When we really looked at Norfolk Island costs, they were quite excessive. I have the parcels expert with me, so he can correct me if I am wrong. We are talking about the heavier end of the parcel market, too; not just the small parcel market.

Senator LIGHTFOOT—What sort of weight are we talking about?

Mr Boucher—Up to 20 kilos is the maximum weight we will accept in the parcel

service. We had a fair bit of abuse of the service, as was mentioned, with motor vehicle tyres and all sorts of things being posted because of our very low rates. If they had sent them as normal freight with these carriers, they would have been charged far more. They were taking advantage of our heavily subsidised rates.

Senator LIGHTFOOT—That does not happen with Cocos and Christmas?

Mr Boucher—No, not to the same extent.

Senator LIGHTFOOT—No, or not to the same extent?

Mr Boucher—There may be some items posted, but they would get a similar rate from a carrier.

Senator LIGHTFOOT—They get a similar rate on Cocos (Keeling) and Christmas Islands from a private carrier that compares favourably with Australia Post?

Mr Boucher—I do not have the exact figures of what these carriers charge, but the benefit with us is that there is easier access to us. You have post offices where you can go and lodge parcels, but, if you want to use a carrier, you have to go down to their dock or whatever to send the items. There is not the level of abuse going to those places as there was to Norfolk Island.

Senator LIGHTFOOT—Is it abuse, or it is just taking advantage of what is actually on offer?

Mr Boucher—Yes, it is terminology.

Senator LIGHTFOOT—‘Abuse’ might be a bit strong?

Mr Boucher—Yes.

Senator LIGHTFOOT—No-one is doing anything illegal, are they?

Mr Boucher—No.

Senator LIGHTFOOT—And that only applies to Norfolk? It does not apply to the others to the same degree as you have said. Do they send tyres from Western Australia to Cocos (Keeling) and Christmas Islands?

Mr Boucher—Not through the post.

Senator LIGHTFOOT—That part only happens with regard to Norfolk?

Mr Boucher—It was happening, yes.

Senator LIGHTFOOT—And that has been truncated?

Mr Boucher—Yes.

Senator LIGHTFOOT—How was that handled?

Mr Boucher—We created a separate charging zone for Norfolk and, therefore, had differential charges for there, and increased them such that they covered our costs.

Senator LIGHTFOOT—Was that a unilateral move on Australia Post's part? That was an executive decision?

Mr Boucher—Yes, a decision by the board.

Senator LIGHTFOOT—So it was an executive decision made with respect to some freight, about which you do not differentiate, but you use an example, a motor vehicle tyre, with respect to Norfolk, but it was not made for Cocos (Keeling) or Christmas?

Mr Boucher—No.

Senator LIGHTFOOT—What about places like the Tiwi Islands, Thursday Island or some of the islands off the Cape York archipelago, very close to the coast of New Guinea?

Mr Boucher—Yes.

Senator LIGHTFOOT—Surely that must be as expensive to land mail there. It must be as heavily subsidised as it is to go to Norfolk. I would have thought it was probably more expensive. The Murray group of islands, for instance, off the—

Mr Boucher—Yes, I understand that. In setting parcel charges we work on a zonal basis and, within a zone, there are many places that are more expensive to reach than others, and we average those out. It is a commercial decision as to whether you have a very complex charging structure or a simple one.

Senator LIGHTFOOT—What do you mean by a commercial decision? Do you mean a decision based on profit?

Mr Boucher—No. The ultimate is to have a charge from everywhere to everywhere, but that is plainly unworkable in dealing with the public, so you try to keep it as simple as possible in interfacing with the public as against recovering all your costs.

And you have to balance those two things up at all stages.

Senator LIGHTFOOT—So you would single out Norfolk because it has got some measure of autonomy, perhaps, compared to the other parts and territories of Australia?

Mr Ryan—My recollection, Senator, was that the difference between revenues and costs was so large that we felt we had to take some action to correct that.

Senator LIGHTFOOT—Okay. Getting back, then, to the group of islands called the Murray Islands just off the coast of New Guinea, they are about as isolated as you would ever get with any of the Australian territories, but they still pay normal rates that you pay in Sydney to go from the CBD to Parramatta. They pay the same rates on their mail; is that right?

Mr Boucher—For a letter?

Senator LIGHTFOOT—Yes.

Mr Boucher—Yes, but not for a parcel. They pay a fairly substantial fee to go from Sydney to those places for a parcel.

Senator LIGHTFOOT—How does that compare then with the territories? Is that subsidised?

Mr Boucher—Yes, as Cocos (Keeling) and Christmas Island are subsidised to some degree.

Senator LIGHTFOOT—This is what I am getting at. Why is it that you single out—for the level of abuse, I think it was, which we agreed perhaps was not warranted, but I understand what you mean—Norfolk Island and not, say, Thursday Island or any of the other islands off the Northern Territory, for instance?

Mr Boucher—Because the level of subsidy there is far less than it was to Norfolk Island. The rate from Sydney to Thursday Island was substantially higher than from Sydney to Norfolk Island.

Senator LIGHTFOOT—The rate?

Mr Boucher—The parcel charge.

Senator LIGHTFOOT—So that was one way of bringing it back up level, was it?

Mr Boucher—Yes.

Senator LIGHTFOOT—Readjustment of Norfolk Island?

Mr Boucher—Yes.

CHAIR—Could it also have something to do with not having a universal service obligation on Norfolk Island?

Mr Boucher—Yes, that is one factor.

CHAIR—It is the factor, is it not?

Mr Boucher—Oh no.

CHAIR—You can then charge market rates, basically, to Norfolk Island where you could not to Thursday Island or those?

Senator LIGHTFOOT—You are prohibited by regulation?

Mr Boucher—No. There is no universal service obligation with the parcel service. That is a fully contestable market where we charge market rates.

Senator LIGHTFOOT—So how does it compare? Could you give the committee some idea of how the parcel rates to Norfolk compare now—and I say a comparison with something so we can see what it—

Mr Boucher—It is the same to go from Sydney to Perth as it is from Sydney to Norfolk Island.

Senator LIGHTFOOT—That is the distance?

Mr Boucher—No, that is the charge. If you are sending a parcel to those two places you will pay exactly the same from Sydney.

Senator LIGHTFOOT—But the distance is less to Norfolk?

Mr Boucher—Yes. It is about 1,700 kilometres from Sydney to Norfolk and about 3,000 from Sydney to Perth, but that is a factor of cost. We are a price taker when buying transport to Norfolk Island because there is one carrier; going to Perth we can negotiate much better rates because there are more operators.

Senator LIGHTFOOT—So what are your losses now to Norfolk under this adjustment, or what are your extrapolated losses with respect to the adjusted figures?

Mr Boucher—We are now recovering our costs to Norfolk Island for parcels.

Senator LIGHTFOOT—You say you are recovering the costs. Are you making a profit?

Mr Boucher—Yes.

Senator LIGHTFOOT—Do you make a profit on the one with comparative weights from Sydney to Perth?

Mr Boucher—Yes.

Senator LIGHTFOOT—How do they compare? I know the volume is far greater, of course, to Perth, but how does that compare in terms of percentage?

Mr Boucher—I do not have those figures.

Senator LIGHTFOOT—Can you give me some idea? Is that a good profit? Is it commercially sensitive to tell us?

Mr Boucher—You want to know the—

Senator LIGHTFOOT—What I really want to know is: are you overcharging Norfolk?

Mr Boucher—We do not believe so, no. I guess the person who wants to send a parcel always has the option of using the same carrier that we do and negotiating a price with them; taking their price and going with the carrier and not using us.

Senator LIGHTFOOT—Do you have complaints from Norfolk recipients about the cost of parcels?

Mr Boucher—We did when the prices went up.

Senator LIGHTFOOT—You do not now?

Mr Boucher—No.

Senator LIGHTFOOT—Were they significant in terms of amount?

Mr Boucher—When they went up?

Senator LIGHTFOOT—Yes.

Mr Boucher—Yes, they were significant increases. They were staged over a period of three; we did not put them up in one go. We staged them over three increases,

six months apart.

Senator LIGHTFOOT—What are the alternative parcel routes for people from Norfolk getting their goods from the mainland?

Mr Boucher—They can get them via New Zealand. There are services that come in from New Zealand, so they do have that alternative. From Australia there is just the sea service and the air service. We all use the same carriers.

Senator LIGHTFOOT—How does your intelligence tell you the rise is working? Are you still maintaining your market share, or, as a result of the rise, have we lost it to New Zealand?

Mr Boucher—I will say one thing first: there has been a significant shift from air carriage to sea carriage, because our—

Senator LIGHTFOOT—From Australia to Norfolk?

Mr Boucher—Yes, and we think that justifies the stance we took, in the sense that people were using a highly subsidised air service. At the time that was causing problems with capacity. At some stage we had to charter freight aircraft to uplift all the airmail, or air parcels, because the airline at that stage could not handle it all. Now that has shifted significantly over to surface and the current carrier can handle all the airfreight that we have. Whether there has been any shift to New Zealand, I do not know the answer to that, but the tonnage going there via sea and air is about the same. There might have been a marginal fall-off, but not significantly.

Senator LIGHTFOOT—Because of the relatively static population of Norfolk, you would assume that you have maintained market share?

Mr Boucher—Yes.

Senator LIGHTFOOT—And there has been no detriment to sales of goods from Australia as a result of your rise?

Mr Boucher—No.

Senator LIGHTFOOT—That is good. Thank you, Mr Chairman.

CHAIR—A common complaint from Cocos and Norfolk, or from two submissions anyway, one being the Cocos council, is that mail, and perhaps parcels even, sent by express come by sea six weeks later. They are saying it is an arbitrary decision by you. For some reason or other, you put them on the ship. So it is not reliable mail. The famous Australia Post with its reputation really has not got it in the external territories. I must say

it has it on the mainland. So one of the criticisms is that you are not so interested in the external territories.

Mr Ryan—I think we would want to reassure the committee that that is not the case. We are interested in servicing all of Australia to the best of our ability. That ability is, though, affected by the availability of transport infrastructure. There is limited transport infrastructure to Cocos (Keeling) Islands and Christmas Island and we have to work within that limitation.

It was only yesterday, in fact, that I read some of these submissions, and I noticed that complaint. I referred it to our Perth office, and I had a call this morning. They are, to be honest, quite bemused by that suggestion. They have assured me that all standard mail, as a matter of practice, goes by air; all express mail goes by air; certainly freight would go by sea. On occasions, yes, aircraft have had to off-load mail that was to go by air because of limitations of space and weight.

CHAIR—We have had the same complaint from Norfolk, though.

Mr Boucher—Yes. If something gets off-loaded, it is held over to the next flight, which may only be a delay of a few days. My understanding from the Norfolk Island situation is that there has been no off-loads there for some time. The current carrier is uplifting everything.

CHAIR—How long is some time?

Mr Boucher—Over 12 months. Prior to that, when Ansett operated the service, we did have capacity problems and some did get held over, but it would only be delayed for a day or so. It certainly would not be put on the boat.

Mr Ryan—Mr Chairman, if I can return to your question. It may be second best, but I will certainly ask our Western Australian administration to examine that matter and give us a detailed report which we will provide to the committee through the secretariat.

CHAIR—About things that are stamped to go by air coming by ship?

Mr Ryan—Yes.

CHAIR—We have had strong enough submissions. I do not know the frequency, but they seem to suggest that it is frequent enough. Another concern—although I would not call it a grave concern—is express post where you guarantee an overnight service. I know you could not guarantee that to the external territories; nevertheless, you still stamp it ‘express post’, people pay for express post and, of course, it does not go express post. So, in some respects, it is false advertising.

Mr Boucher—I will just explain that. The express post service is our fastest possible way of delivering something. Within Australia, there are certain places where we guarantee to deliver it overnight, but not everywhere. If you want mail to go from here to Port Hedland, express post is the fastest way to get a letter or parcel there—it is not next day. So that is the fastest way to get an item to the islands, if you go beyond the 45c letter. It is what you might call our air service to the islands.

Mr Ryan—I think the important issue here is that the guarantee does not apply but certainly it offers a premium service. That does need to be made clear to anyone who comes into our retail outlets and is posting to one of those areas or, indeed, to Port Hedland. I think the conditions on the express post envelope are quite clear and they indicate that the promise is restricted to certain locations.

CHAIR—Right. It is on the envelope.

Mr Ryan—Yes.

CHAIR—That is fair enough.

Mr Ryan—We have had extensive discussions with the ombudsman about this issue.

CHAIR—He has pulled you up on it, has he?

Mr Ryan—We have made a number of changes to the envelope.

CHAIR—In regard to the external territories?

Mr Ryan—No, not external territories, just generally.

CHAIR—Another interesting point was brought to my attention. The internal mail for Norfolk Island is 5c a stamp. Christmas Island is 45c a stamp and you said that is the same as the mainland. Indeed it is, but on Christmas Island, there is no delivery. So if anyone wanted to mail something to someone else on Christmas Island, I suggest they just walk it up the road. It is only a post office letter so it really just goes from one box to another. The 45c charge is misleading, because there is no delivery and it does not go to the other side of the island even. It just stays within the building.

Mr Ryan—Our act requires us to charge a uniform rate for the standard letter service. Within that service, there are clearly variables in what is involved by way of cost and what is involved by way of service. Even on the mainland, there would probably be not dissimilar occasions where a letter might be locally put into a post office and it might only go to a post office box at the side of the post office, yet that customer would pay 45c.

Mr NEHL—Wouldn't it be fair to say, though, that that 45c is not for putting it from one box to another box? It is for a postal service.

Mr Ryan—Yes, and that was the point I was about to get to. For the same 45c, our customers on Christmas Island or any of the external territories can post that same letter to Port Hedland, Broome or wherever for 45c. So there is a balancing here.

Mr NEHL—In fact, it is no different to my post office in Coffs Harbour. When I mail something, if I put it in the post office box and send it 'PO Box', it is exactly the same.

Mr Ryan—Yes, that is right. We do have one provision. It is not a 5c rate, I might say, but for small communities where there is a local mailing, say, a minimum of 10 letters, that rate drops to 38c. That is not quite right to say that it is always 45c, but generally it is. It is a uniform rate provided for under the act.

Senator ALLISON—I would like to follow up on that express post question. Can you tell the committee what happens when you have a letter which is posted for 45c to, say, Cocos Island, and an express post parcel put in the boxes at the same time. Which gets there more quickly, and is one or other off-loaded in the event that the aircraft is overloaded? How is that separation done, if it is done?

Mr Boucher—The 45c letter and the express post parcel will get there at the same time and neither would be off-loaded before the other. They would be in the same bags.

Senator ALLISON—So there is absolutely no difference—there is nothing you offer with the express post service beyond the normal service?

Mr Boucher—There is one difference. If you are posting from somewhere outside Sydney, the express post item will get to Sydney from elsewhere in Australia more quickly than the 45c letter and therefore get to Norfolk Island more quickly.

Senator ALLISON—The chances are they will catch up anyway if you have only got two flights.

Mr Boucher—No, there is a daily service virtually now to Norfolk Island.

Senator ALLISON—What about Cocos or Christmas?

Mr Boucher—Yes, that is all about timings.

Senator ALLISON—At what point under your community service obligation do you provide household delivery services? When do you judge it is appropriate, cost effective? Does the CSO stipulate under what circumstances household mail delivery

should take place?

Mr Ryan—No, it does not, and we have adopted our own assessment of charge versus revenue and come to a view about whether household delivery or some other form of delivery is appropriate. I wish I could be more comprehensive in my answer, and I will need to give you a copy of the basis upon which we determine household, street delivery or post office box delivery. I will get that to you or to the committee today.

Senator ALLISON—Is it possible to say roughly? Does it take 50,000 people in a territory or 10 times that? Just a really broad sort of—

Mr Boucher—I think it would be less than 50,000. I cannot give you more than that.

Mr Ryan—I know that it is considerably less than that, but I would rather not take a guess at the figure. I will certainly get it to the committee today.

Senator ALLISON—Is it possible to tell the committee what it would cost for you to perhaps do two deliveries a week, such as we have in some country areas, in each of our territories?

Mr Ryan—I can certainly give you an estimate of what it would cost to effect that. I cannot give you that figure immediately, but I can have our Western Australian administration, for example, give us an estimate of cost and get that back to you.

Senator ALLISON—The suggestion has been made that if Australia Post does not do household delivery then the least it should do is pay for mail boxes or make them available free of charge. What do you say to that?

Mr Ryan—We go a long way towards that, but we do not quite do that, as I mentioned in my opening statement. We offer a concessional rate. We reduce the rate, I think, from \$44 to \$10. We do have some ongoing costs in establishing and maintaining and servicing post office boxes, and that has been the rationale in the past. Yes, we save something, because we do not have to go to the cost of household delivery, and we try to reflect that by lowering the post office box rate to a concessional rate.

Senator ALLISON—What do you do with mail which is not addressed to a post box and it is just addressed to an individual with an address on it? How do you get it there?

Mr Ryan—In the case of an area where no household delivery occurs, I can only assume that what would happen is that the licensed post office—it would normally be a licensed post office in this environment—would receive the mail with no post office box number and would attempt to make contact with the customer to advise that the letter is

being held at the licensed post office. We are talking here generally—

Senator ALLISON—By phone call?

Mr Ryan—I would imagine. We are talking here of generally small communities where there is no household delivery, and over time our licensed post offices get to know everyone in those communities.

Senator ALLISON—So the only advantage in having a post box is that you can access it after hours; would that be fair to say, or is this in the milk bar where it is open all the time anyway?

Mr Ryan—Yes. Access after hours, and I guess there is a security aspect as well. Mail is not lying around; it is in a secure box and you can access it at any time.

Senator ALLISON—The Australian Federal Police submission says there is anecdotal evidence of mail arriving in the Indian Ocean territories eight months after being posted on the mainland. They go on to say that mail is commonly off-loaded, as you have already said. What sort of assurances can you give that eight months is not a fairly typical delay?

Mr Ryan—First of all, I think they referred to anecdotal evidence. I am not sure of the specifics of what really happened in that instance. Clearly, that is not typical in any way. If it was, we would have a riot on the islands and we would all know about it.

I am quite happy to follow up with the Federal Police if they have details about the particular incident, and we can establish as best we can what occurred. It is generally not the case, obviously.

Senator ALLISON—What complaints mechanisms are in place for people to let you know the circumstances in which their mail arrives late?

Mr Ryan—We have customer service centres in each state. Those numbers are widely advertised, and they are in a position to record all complaints. Those complaints are dealt with at a local level if at all possible, and aggregated data is held in headquarters to assess where problems are emerging that might be systemic in nature because of the number of complaints, and then they are dealt with.

Senator ALLISON—Do you think there might be a disincentive for people living in places like Cocos Island to ring Sydney or Perth? It would seem like a world away to most people. Is there a complaints mechanism that you could access at the local post office, too?

Mr Ryan—Certainly. The local post office is the first point of contact and would

be normally the point at which one of our customers who has a concern would direct them. Then the licensed post office would take the matter up, presumably with our Perth office if it was a problem on Keeling or Cocos. I think, yes, there is a local point of contact so that they do not have to go to the expense of a phone call.

Senator ALLISON—Before putting the submission together and coming here today, did you check those complaints?

Mr Ryan—I have not personally, no. We are talking now of the general nature of complaints that might be coming from external territories?

Senator ALLISON—From external territories.

Mr Ryan—No. I have not.

Senator ALLISON—It might be useful for the committee before they actually go there to know what level of complaints there is. If we get there and find that everybody is complaining and they have all got lots of evidence of post going astray but you have no complaints, then there is something wrong with the complaints mechanism and perhaps we can look at it.

Mr Ryan—We will get that information for you.

Senator ALLISON—Thank you.

Mr NEHL—You were suggesting that if mail arrived at Christmas Island not addressed not to a post office box the postmaster or mistress would telephone, assuming the recipient has a telephone, to let them know there was a letter there.

Mr Ryan—This is a local community issue, and there may be differences but that was my assumption—that our licensed post office would certainly not just hold the mail and not attempt to make contact.

Mr Boucher—If they are all permanent residents, they are small communities and they just go into the post office and collect their mail. That is their expectation. If it is a person passing through, we would not know who or what but the permanent residents all come in every day to collect their mail. When they know the mail has arrived, it is a daily ritual, so to speak.

Mr NEHL—That is what I would have expected. I have been to tiny post office agencies in my electorate at Lowanna, at Ulong, at Beechwood, Coramba, and people come in constantly saying, ‘Any mail for me?’ without making a phone call. I think that is extraordinarily good service.

Mr Ryan—There may be occasions where something is unexpected. It may be clear that it is official mail that could be important. All I am suggesting is that LPOs take the initiative on occasions and would make contact if they thought it was an urgent matter. But you are right. Generally people tend to come in.

CHAIR—Could you provide the committee with the costs of your CSOs, community service obligations, or universal service obligations, whichever term?

Mr Ryan—Do you mean specific to each external territory?

CHAIR—To the territories.

Mr NEHL—It is \$67 million in 1996-97.

Mr Ryan—Yes, that is correct; that is the national figure.

CHAIR—Which is only Christmas/Cocos, isn't it?

Mr Ryan—Are we including Antarctica?

CHAIR—How could I forget Antarctica.

Mr NEHL—We had better not exclude it.

CHAIR—But split them up, if you could.

Mr Ryan—Yes. I think they may be estimates, but I will indicate if there is any qualification to the figures.

CHAIR—It would be useful, as was asked, just to gauge the complaints at the local post offices. It could be due to the isolation, but in all the submissions there was angst about Australia Post—a common thread. While, for some, it may not be hard to fall out with the Norfolk Island government, there obviously have been tensions between you and the Norfolk Island government. I thank you for your submissions today.

[9.52 a.m.]

HIGGINBOTTOM, Mr David Arden, Federal Government Liaison, Telstra, Telstra Corporate Office, National Press Club Building, GRD/16 National Circuit, Canberra, Australian Capital Territory 2600

KERLEY, Mr Donald Lindsay, National Manager, Network Transformation Network and IT Infrastructure, Network and Technology Group, Telstra, 22/242 Exhibition Street, Melbourne, Victoria 3000

CHAIR—On behalf of the committee I welcome the representatives from Telstra. We have your submission before us. Are there any changes or alterations you would like to make?

Mr Higginbottom—No. Thank you for the opportunity, but there is nothing we wish to add.

CHAIR—Are there any opening statements?

Mr Higginbottom—We are happy with what we said in the submission.

CHAIR—Not even an opening statement?

Mr Higginbottom—No.

CHAIR—We will go straight into questions. Of all the submissions, this is the most technical area, and you will have to bear with me at least in this particular area. In relation to Christmas Island and Cocos (Keeling) Island are the calls to the mainland charged at international rates?

Mr Higginbottom—The rates are the standard Australian rates for distances over 745 kilometres, so the same rates would apply from, say, Broome to Perth and from Christmas Island to Perth or Cocos Island to Perth. They also have access to all the standard rates and all the standard specials that are run as spot specials. Within that we have taken steps to ensure that the islands receive notification of those specials via their radio services, et cetera.

CHAIR—Why can those on Christmas, Cocos and Norfolk islands not access free-call numbers? If they want to call the mainland on an advertised free-call number, why can they not access that?

Mr Higginbottom—I will pass that on to Don, but in the case of Norfolk, it is a similar circumstance with Australia Post. There is a local carrier that provides telecom services to Norfolk Island. So, effectively, Telstra's relationship is to provide the

connectivity to Australia and international connectivity. In the case of Cocos and Christmas, we operate the actual network on the island as well.

Mr Kerley—With regard to accessing free-call numbers, there is no technical reason that I know of why they cannot do that.

Mr Higginbottom—There are certain facilities that they cannot have at the moment. As you noted in the submission, the current service that we provide on the island is an interim one. It was the best technical solution in 1992, when we took over providing services to both Cocos and Christmas islands. At that stage, what was seen as the best way to provide a service was to introduce an analog telephone service, where they utilised the analog technology to provide fixed services as well. In the provision of that type of service, there is no doubt there are certain facilities that they cannot access and do not have on the island. As to those specific ones, I am not sure.

Mr Kerley—That may well be true with the AMPS mobile network that free-call access is not available. When we put in the new digital exchange, coming over in June next year, they will have free-call access.

CHAIR—Can you confirm that and get back to us?

Mr Higginbottom—Yes. They will have access to all the facilities and capabilities of the standard telephone service as of June 1999 or at the end of June 1999. But we will confirm that.

CHAIR—I know I am advertising my free-call number in Victoria, as a senator from Victoria. Christmas Island is part of the Northern Territory electorate. So to access their local parliamentarian using a free-call number is very useful for those reasons.

Mr Higginbottom—I suspect that it is because of the analog technology.

Mr Kerley—Yes, the AMPS mobile network there. We are using exactly the same equipment there as we are on the mainland, so there should be no technical difficulties in the future.

Senator LUNDY—I have a couple of questions about the mobile AMPS network. First of all, can you clarify where your billing for both Christmas and Cocos is managed from?

Mr Kerley—The billing is managed from the call charge centre from Perth.

Senator LUNDY—Right.

Mr Kerley—The billing is done in the node location, which is back on the

mainland in Perth.

Senator LUNDY—With your mobile AMPS network, and you are talking about transferring to a digital exchange—

Mr Higginbottom—We should clarify that. Digital exchange but not in terms of mobiles.

Senator LUNDY—No. That is what I am getting to. I presume that process just relates to that exchange's connection with the mainland.

Mr Higginbottom—Yes.

Senator LUNDY—Or does it mean some change to the actual network equipment?

Mr Kerley—No, the local equipment at Cocos and Christmas islands is being replaced with digital exchange equipment with a satellite connection to the mainland. At the moment we have AMPS mobile equipment with a satellite connection.

Senator LUNDY—And that is what is changing to digital.

Mr Kerley—There is both the digital exchange at those locations and the copper provided to the customer. At the moment there it is only limited access via copper. But from June 1999 every customer will be connected via copper, except I think one outlying area which is looking at radio.

Senator LUNDY—Is that requiring a physical roll-out?

Mr Kerley—Yes, absolutely. On both Christmas and Cocos islands we are spending about \$4.5 million to provide that network for both the switching on the islands and the cable network.

Senator LUNDY—I presume the charging rates of the mobile network there are on the same basis as they are on the mainland—that is, timed calls from mobiles?

Mr Kerley—I think they would be.

Mr Higginbottom—The mobile rates are the same as those on the mainland. However, with the mobile technology that is used to provide permanent services or fixed services, the customers have a phone hanging on the wall which behind it has a mobile phone. In that instance, it is treated as a fixed service and has exactly the same charges as untimed local calls and so on.

Senator LUNDY—Why is that? I think it is great, but why is it?

Mr Kerley—It is a universal service obligation to provide services.

Senator LUNDY—And that is the best way you can provide the universal service obligation?

Mr Kerley—That is right, at the moment.

Senator LUNDY—In your deliberations for the technology upgrade on these islands, have you considered moving to a digital mobile network and not completely embarking on your roll-out?

Mr Kerley—I am not sure whether the digital mobile network provides the full universal service obligations that a physical network would provide—a copper network and digital switch.

Mr Higginbottom—I think there is a level of dissatisfaction on the islands with the operation of the mobile service in that they cannot use the mobile service to any huge data extent. Even with digital, they would be limited—

Mr Kerley—With the current analog network, it is 2,400 bits per second. Digital might be a little bit faster, I am not sure.

Mr Higginbottom—The copper network provides the capability certainly within the island to have a higher data speed and data connections within the islands themselves. It also provides a far more reliable service.

Senator LUNDY—You said that you already have the analog mobiles installed and because of the USO obligation you are charging them as per a standard telephone service. Are those the ones that are going to be upgraded to the digital service? Are you going to be able to dispel those analog mobiles who are providing a base telephone service?

Mr Kerley—The existing customers will all be cut over to a cable network.

Senator LUNDY—They will all be?

Mr Kerley—Yes. All existing customers will be going to a cable network, except for that one group which is on a radio system.

Senator LUNDY—Can you explain why they have to stay on that? I presume because there is a big hill or something.

Mr Kerley—That is right. There is a company which I think is 15 miles away.

Mr Higginbottom—It is 15 to 25 kilometres away.

Mr Kerley—A copper physical plant is fairly expensive. A point to point radio system is the best solution, as we have in the outback areas of Australia.

Senator LUNDY—Does that provide a data service?

Mr Kerley—It will provide a data service. It will probably be limited in its speed because radio tends to be limited in its speed compared with a cable network.

Mr Higginbottom—It is certainly better than the existing analog. It will be far more reliable and will provide a high capability.

Senator LUNDY—In your submission with respect to mobiles there is reference to the government policy about the proposed cut-off date for the AMPS network. I read that as saying that this is going to be one of those exceptions in retention of the AMPS network. Is that right?

Mr Kerley—It may well be.

Senator LUNDY—Do you know?

Mr Higginbottom—We do not know, but that would be a candidate for an exemption.

Senator LUNDY—What is the application process to seek exemption?

Mr Higginbottom—It is being done by the ACA. I do not know what the application process is. Certainly the ACA are out testing the extent of analog coverage versus GSM coverage. I do not know what they have done in terms of Cocos and Christmas islands. If I were on the islands, I would probably ask the question of the ACA.

Senator LUNDY—Because you are the providers of the infrastructure, surely that question is absolutely critical to your choices of investment in other infrastructure.

Mr Kerley—I am not sure why it is critical, because all the existing customers will be cabled. What therefore remains is those customers who have access to AMPS mobile for a mobile service. I guess the question then is what we do about those beyond the year 2000. I guess we are waiting to hear whether that is going to be an exempt area or not.

Senator LUNDY—Because you are upgrading the standard telephone service you are doing it better at that end?

Mr Kerley—Yes.

Senator LUNDY—Their improvement in service is not contingent on the transfer from AMPS?

Mr Kerley—Yes. If they become an area where we have to provide digital mobile, that will be the solution. If they are an exempt area, they will remain on analog mobile. They are the sort of choices.

Mr Higginbottom—It should be noted that normally those communities would not have a mobile phone service. The reason they have the mobile phone service is that the decision was made in the early 1990s that that was the best technology to provide an overall service. As a consequence of that, they now have a mobile service and we would expect that to continue. It would be hard to take that away.

Senator LUNDY—Compared with the other territories, are Cocos and Christmas Island the only ones with a mobile service?

Mr Kerley—With a mobile service, yes. As far as I know, yes.

Mr Higginbottom—Norfolk is best addressed to Norfolk Telecom. They have something that they run there.

Mr Kerley—I think it is a trunk mobile network.

Senator LUNDY—With respect to billing, what level of complaint is received by customers on these islands with respect to billing matters? Do you keep any statistical analysis of customer complaints about billing?

Mr Kerley—I am sure we do, but I have not got those here.

Mr Higginbottom—We have had a lot of dealings with the islands over the last two years, particularly because of these changes. It has not been a constant theme that has come through. However, I will take that on notice and we will see what we have got. There certainly does not seem to be a high level of concern.

Senator LUNDY—The fact that it happens from Perth—I can imagine! I am curious about response rates upon complaints and what sort of logistic difficulties there are for customers in resolving any complaints that they have.

Mr Higginbottom—We do have an issue in terms of the communications with the islands, in terms of bill paying. We take a very lenient approach to people who have not paid their bills, even to the extent, I believe, of contacting them to make sure that it is not in the mail, for the obvious reasons that we have heard.

Mr Kerley—We do not disconnect without checking with the customer.

Senator LUNDY—That is always good to hear, especially when you could put people at risk doing that. Regarding Internet services, in your submission you make reference to the local ISP, which is called—

Mr Kerley—The one on Christmas Island?

Senator LUNDY—Yes. What is it called?

Mr Higginbottom—It is IO Com Technology.

Senator LUNDY—IO Communications or something like that; I will call it the local ISP. They purchase bandwidth presumably from Telstra on the basis of your Big Pond commercial rates?

Mr Kerley—Yes.

Senator LUNDY—Are they still standing at 19c per megabyte for data?

Mr Higginbottom—We will take that on notice as well. I understand the question. To be honest, there are two issues there: one is the physical connection for the lines, et cetera, and the other is the pairing arrangements that they have and who they actually interconnect with. To be honest, I do not know. They may not even interconnect with us.

Senator LUNDY—I do not know if you can collate some information for me, but it does mention that you do offer your Big Pond service at a 9,600 bit data rate. They do incur STD charges—which is understandable because that is the link—but I am curious about, in your on-selling of the bandwidth to the local ISP, whether you on-sell comparatively with what you would on-sell to an ISP on the mainland? Because that charging would come out in what the ISP subsequently on-sells for. If you can prepare them, I would like some comparative notes on the domestic charges incurred, for example, by a business Internet user and a residential Internet user. One, if they are using Big Pond—

Mr Kerley—One using the STD network and one using a local—

Senator LUNDY—and one using the local ISP; also, the rates you are charging the local ISP. Perhaps the committee could approach the ISP and ask for their fees and charges and packages? They are probably online anyway. I am trying to get a feel for what type of relative access there is for people online. Do you have information on Internet usage on the islands and to what degree it is being utilised?

Mr Higginbottom—It is impossible for us to provide that information. Where

there is STD involved, we would record that as an STD call. As to whether that is being used for fax or data, we cannot tell. Just as a general comment, whilst we have got comments in there about the use of STD to access Big Pond and so on, we have strongly supported the ISP and see that as a way of best addressing the needs of the community.

Senator LUNDY—That is good to hear. What is the differentiation between your fax lines, the data lines, and your standard telephone service lines? Do you price them differently?

Mr Higginbottom—If you buy a commercial data line from us—a 64K line or something, and Don can help me out here—you pay whatever that line is. But, in terms of straight telephone connections, if someone is using it for data or for voice, we do not differentiate.

Senator LUNDY—The only one would be if you purchased a specific data connection? But you do not have ISDN out there, so it would just be for a high-grade line that you would have the charge differential?

Mr Higginbottom—Yes.

Mr Kerley—You buy a leased line with different channels. It is just a normal dial-up line.

Senator LUNDY—Okay.

Mr Higginbottom—There is no differentiation on the dial-up.

Senator LUNDY—ISDN services—when?

Mr Kerley—That is a challenge. Certainly not with the cut-over to the new equipment. The new digital exchange will not provide that facility because there is a problem with the satellite link. In most of our local exchanges that we are providing on Christmas and Cocos there is exactly the same equipment. We can put the ISDN cards in there but, because of the satellite link, we have got echo problems. It is technically not possible to provide the ISDN. The avenue I see, looking at our recent announcement on the satellites that we provide for ISDN—the satellites that we provide for our USO and packet data and that sort of thing—is there may be a potential there. The issue there is that the footprint for those satellites tends to cover the bulk mainly of Australia.

Senator LUNDY—It does not go out there.

Mr Kerley—It may not cover those areas. It may need a larger dish to get an ISDN. We really need to investigate that.

Senator LUNDY—Are these islands being factored into your plans about the new satellite proposals?

Mr Kerley—Not directly. They are covered by the satellite, but because of their distance from Australia they will need a larger dish in that area. They will be covered because they are part of our USO—universal service obligations.

Mr Higginbottom—It is feasible with this satellite Internet product which we are potentially going to launch further down the track. Within mainland Australia, for instance, that is accessible by up to a 0.9-metre dish. On the islands the signal from that particular satellite can still be seen, but it requires about a six-metre dish. We have recently worked with the islands to put in a six-metre dish to pick up the broadcasting of television services. So that same satellite potentially can provide that, assuming the signal is strong enough. However, there is a problem with storms and things in the area and so on that degrade it.

Senator LUNDY—I ask this question because we actually have a datacasting hearing running concurrently. What spectrum? In terms of the spectrum utilised for these satellite links and also the spectrum used on the islands with the various telecommunications services, how does that impact upon these changes that you are proposing? I know that satellite spectrum is different from digital television.

Mr Kerley—Yes.

Senator LUNDY—Is digital television going to happen out there at some point?

Mr Higginbottom—In fact, digital television has happened out there.

Senator LUNDY—Okay.

Mr Higginbottom—The broadcasting for remote areas in Western Australia is in the process of being digitised and what they are receiving on that island is digital transmission. It is not HDTV, but it is digital. They are receiving that, and I believe that there is actually an upgrade in the quality. I have noted in the submissions that there are comments regarding quality of television reception. I believe that there has actually been a quantum improvement, although they are still subject to those same storms and atmospheric conditions. But there is a problem with digitisation. It is the same as with the GSM and the analog phones.

Senator LUNDY—I guess that is getting to the point of spectrum congestion.

Mr Higginbottom—Not congestion. With analog there is a degradation that occurs, which means that you still continue to watch the picture, even though it almost disappears. With digital it continues at a reasonable quality and then goes completely.

There has always been a tendency to be able to get an analog signal there which is not up to scratch but watchable if you are really desperate. So they have lost that ability, but the digital signal itself is a much higher quality.

Senator LUNDY—So they have not maintained the analog services?

Mr Higginbottom—No, they are being phased out. So there is a changeover which is occurring—a simulcast period.

Senator LUNDY—Okay, I was not aware of that. That is interesting.

Mr Higginbottom—It is purely for satellite, largely from the Remote Area Broadcasting Service.

Mr NEHL—If one of us wanted to get a permanent link between our electorate office and here, what would the installation cost be and what would be the recurrent annual cost?

Mr Kerley—I cannot answer as to the costs. I would have to take that on notice. I am really in the network planning department, not on the side of the charges. I guess it is cost for a recircuit from Christmas Island back to Canberra, say.

Mr NEHL—I know that the Australian Federal Police have been quoted \$110,000 for installation and an annual recurrent fee, I think, of \$55,000. What I want to know is whether that is the standard cost on the mainland or a special one for Christmas Island.

Mr Kerley—My understanding is that that is the standard cost for a 64-kilobit stream. Because I do not know it intimately, I would have check that.

Mr Higginbottom—We will check it and take it on notice.

Mr Kerley—I cannot see any reason why they would quote something different from what the standard charges are in Australia. There is no reason at all.

Mr NEHL—Under a community service obligation, of course, there would be no reason. The Australian Federal Police went into shock when they got that quote to get a permanent link, so I would be grateful if you could look into it.

Mr Higginbottom—There is a distance component, of course.

Mr Kerley—The differences in charges, in my mind, are the distance and the capacity.

Mr NEHL—That permanent link would be by satellite?

Mr Kerley—Yes, satellite.

Mr NEHL—So the reality is that if you are going to have a permanent link by satellite the distance is irrelevant?

Mr Higginbottom—Yes.

Mr NEHL—Therefore, if you are making an extra chart because of the distance then there is absolutely no difference. I am not a technical person, but, from a layman's viewpoint, if I have something here that goes up there and bounces back right alongside it, then there is no additional cost involved in getting it down to Margaret.

Mr Kerley—That probably shows the distance of the way the crow flies—point to point.

Mr NEHL—Perhaps that is an archaic and outmoded concept in terms of charging.

Mr Higginbottom—Yes. We will certainly check it out.

Mr NEHL—Thank you very much.

Senator LUNDY—I take up that point that where the satellite is should not make any difference. Is that distance charging component—and please take this on notice—between the physical location of the office and the exchange on the island?

Mr Kerley—Between where the customer is and the exchange on the island?

Senator LUNDY—Yes.

Mr Kerley—The physical distance will be part of the lease cost.

Senator LUNDY—That distance.

Mr Kerley—Yes.

Senator LUNDY—I am just thinking of where the differentiation could be.

Mr Higginbottom—The issue I was trying to raise is that, even on the mainland, if you are connecting between suburbs in Canberra, as opposed to going from Canberra to Sydney or Canberra to Melbourne or whatever, there is a point at which satellite would become more efficient. Certainly, you are perfectly right. Once you have reached that point it already makes no difference. But there is obviously a trade-off between whether you use fixed link or satellite. In the case of Christmas/Cocos we have to use satellite.

Senator LIGHTFOOT—Given that some of your USOs were to be implemented on Cocos (Keeling) Islands and Christmas Island and they have not been, have you had any contact from the minister for telecommunications or his office with respect to why?

Mr Higginbottom—Most certainly.

Senator LIGHTFOOT—Have you been offered a reason why?

Mr Higginbottom—Yes. To give you the background, the technology that we had available to us to provide that preselection capability by July 1997 would have meant that two things would have occurred: one is we were to invest it in inappropriate technology—

Senator LIGHTFOOT—In inappropriate technology?

Mr Higginbottom—In inappropriate technology or technology providing a lesser level of service. To mention what the lesser level of service is, to provide that preselection capability would have meant that all calls would have been routed via Perth. That would have meant that even a call between neighbours on the island would have gone via the satellite and twice via the satellite. In the past, perhaps not so much recently, you would have experienced satellite delays. If you have a double satellite delay, it adds a significant barrier to communication from a phone. It was seen as a major service degradation to introduce that.

Senator LIGHTFOOT—Was it an obligation that was impossible to meet from the start?

Mr Higginbottom—We could have met it, but it would have been to the disadvantage of the communities. It would have actually degraded their service.

Senator LIGHTFOOT—I see.

Mr Higginbottom—So, in conjunction with what is now the Department of Transport and Regional Development, the Department of Communications and the Arts, the various islands' administrations and also the Australian Communications Authority, we had a series of meetings and with the agreement of Optus—

Senator LIGHTFOOT—So it was a bilateral agreement to extend that?

Mr Higginbottom—Yes.

Senator LIGHTFOOT—To what date?

Mr Higginbottom—June 1999. The trade-off that we had provided is to provide

services to what was an interim group of services. To do that, we actually went out to the islands and conducted an awareness and consultation program with people on Christmas Island and Cocos (Keeling) Islands to acquaint them with the issues, acquaint them with the problems, discuss what the communities wanted and then provide services that met the needs of what they agreed to in terms of what services we could provide to the communities.

Senator LIGHTFOOT—So the minister's office is quite satisfied with that arrangement?

Mr Higginbottom—Yes.

CHAIR—Are you on schedule?

Mr Higginbottom—We are on schedule. We have copies of the report from the various island visits, which I am quite happy to table.

CHAIR—Good idea.

Senator LIGHTFOOT—What about your alleged failure to meet the carrier preselection and call number display within a particular timetable?

Mr Higginbottom—That is the same issue, and to meet that we have had to route every call—

Senator LIGHTFOOT—When you say it is the same issue, it is different.

Mr Higginbottom—It is related.

Senator LIGHTFOOT—It is related, and it is the same agreement with the minister's office—and that scheduled time.

Mr Higginbottom—Yes. That is June 1999.

Senator LIGHTFOOT—Same time. Could I switch to the other territory islands governed by Tasmania: Heard and Macquarie. Do you have any telecommunications responsibilities there or any potential communications that affect that?

Mr Kerley—I am not aware of any.

Mr Higginbottom—Sorry, you have confused me somewhat. The Australian Antarctic Territories provide services to the Antarctic, and I think there is a scientific settlement at Macquarie.

Senator LIGHTFOOT—Yes, and at Heard on occasions there is too.

Mr NEHL—There is not a scientific settlement; there is a base of the Australian National Antarctic Research Expedition, just as there is a base at Casey, Davis and Mawson.

Senator LIGHTFOOT—Thank you. But particularly with the ones governed by Tasmania that I was getting at.

Mr NEHL—That is the only one. That is on Macquarie.

Senator LIGHTFOOT—That is Macquarie, that is not Heard.

Mr NEHL—Herd and Macquarie islands are territories of Australia, but nothing to do with Tasmania.

Senator LIGHTFOOT—So it is only the one that is administered by the Tasmanian Parks and Wildlife that it comes under.

Mr NEHL—It is actually part of Tasmania, just as Lord Howe is part of New South Wales, and the reality is that Tasmanian National Parks and Wildlife Service does have responsibility for it, but the base is ANARE.

Senator LIGHTFOOT—Right, thank you very much for that, Mr Nehl. What I was getting at is that if there is no responsibility with Telstra with respect to that island that is an integral part, as Mr Nehl has said, of Tasmania, then that obviates the need for me to ask the question. So you have no communications that you are responsible for.

Mr Kerley—We provide international circuits, of course.

Senator LIGHTFOOT—Okay. So there are no problems then with any differential in law with respect to Tasmania which administers the island which is an integral part of Tasmania and your other responsibilities with respect to islands down there for communications that are administered directly by the Commonwealth?

Mr Higginbottom—I am not aware of any issues at all.

Senator LIGHTFOOT—What consultations has Telstra undertaken with Christmas Island or the Indian Ocean territories, Cocos (Keeling), for other infrastructure needs; for instance, low orbiting satellites? Do you undertake any consultation with them or do you rely on ministerial contact or ministerial office contact?

Mr Higginbottom—We have extremely—

Senator LIGHTFOOT—Sorry. It is administered as a shire or local authority on Cocos (Keeling). Do you meet the president?

Mr Higginbottom—We have a local representative based in Perth. There is a series of things that happen. Because of the infrastructure work that we are currently undertaking on the islands, we have people who are there on a constant basis doing the infrastructure work. They are not there as a policy, or having discussions in one sense, but they are permanently on the island at this stage. That is not quite correct. They are on the island fairly consistently. We do have, though, a gentleman who goes to the islands on a very regular basis. Every two or three months he is on the islands talking to the various customers, talking to the various groups, so we are very conscious of the need to keep the communications open.

Also, as I mentioned before, because of the issue relating to the service degradation and the obligations we were required to meet by June 1997, we undertook a very extensive campaign of awareness in communication with the island communities. So we feel that we have actually gone to some lengths to establish good contacts, and we are trying to maintain those contacts. We also have regular contacts here with Territories and with Communications in terms of their dealings with the islands.

Mr Kerley—We have cabled part of the island already. During the consultations we came to an agreement on which businesses and which community and government groups would be cabled first, and they are already out there.

Senator LIGHTFOOT—With respect to that cabling, is there any way that you are going to extend the Australian, Indonesian and Singaporean cabling to the islands, particularly Christmas? I guess Cocos (Keeling) is a bit out of the way.

Mr Kerley—There are no plans to do that.

Senator LUNDY—Do you undertake any PR activities in these areas on any of the external territories where you have a market per se? Do you sponsor local sporting teams or business functions and things like that, given Telstra has been reasonably diligent in these areas in some other markets? Perhaps you could take that on notice and provide a description of the sorts of PR activities you have involved yourselves in with these external territories?

Mr Kerley—Yes, we can do that.

Mr NEHL—The committee understands that, if we were to call Norfolk Island from here, the rate is double what it is to call here from Norfolk Island. Why is that?

Mr Higginbottom—I think it is actually the reverse. I think it is less expensive to ring Norfolk Island from here than it is to ring from Norfolk Island back to Australia. I

could be wrong.

CHAIR—I think you are right.

Mr NEHL—Our brief is wrong.

Mr Higginbottom—The issue is, as I understand it, that Norfolk Telecom is a source of funds. The charges they charge are their issue, not ours.

Mr Kerley—But the charges are no different from what we have agreed with other carriers around the world. When we get calls from them, we charge them; when we have to send calls out, they charge us.

Mr Higginbottom—Don is referring there to the settlement regime that occurs between the two carriers. We exchange funds which pay for each other's calls when a call originates in Australia and terminates on Norfolk and vice versa. But the charges are, I think, the reverse of the way they are characterised there.

Mr NEHL—I must confess that until this minute I was not aware that Norfolk Island had its own Telecom organisation. Does that make sense for such a small community?

Mr Higginbottom—I think it reflects the political realities.

Mr NEHL—I am not asking about the political realities. Does it make sense in a technical sense, in an economic sense?

Mr Higginbottom—The only other comment I will make there is that there is a series of other islands in the Pacific that have their own telecommunications service and run it as their own capability.

Mr NEHL—That are part of Australia?

Mr Higginbottom—No, they are not part of Australia.

Mr NEHL—I think that is a very significant difference. I do not think you extrapolate from Norfolk, say, to the Cook Islands or to Vanuatu—they are separate individual countries. But Norfolk is part of Australia.

Mr Higginbottom—But certainly in terms of economics those islands are also running their own systems.

Mr NEHL—Without any subsidy from us?

Mr Higginbottom—Not that I am aware of.

CHAIR—As we have just established, it is far dearer for the Norfolk Islanders to ring the mainland. But is that deal, so to speak, still going on on Christmas-Cocos where they can call the mainland for \$3 and speak for as long as they like?

Mr Higginbottom—Between the hours of seven and midnight, Monday to Friday.

Mr NEHL—Is it the same for the rest of Australia?

Mr Higginbottom—It is the same as the rest of Australia.

Mr Kerley—It is the same as for the rest of Australia, exactly.

CHAIR—Got it. Thank you.

Senator ALLISON—You paint a fairly rosy picture post this new equipment going in, but if I can go to the Federal Police submission again and ask you whether that equipment will specifically deal with the problems that have been raised. I do not know if you have seen the AFP's submission.

Mr Higginbottom—Yes, we have.

Mr Kerley—The cost of their leased circuit was the main issue, was it, that you were referring to?

Senator ALLISON—Let us go through them. There was lack of on-island communications infrastructure, poor quality of island to mainland telecommunications and line linkages between the islands and the mainland have a connection speed limitation of 9,600 BPS. This speed is only just adequate to support data transfer. Will that problem be resolved by this new equipment?

Mr Kerley—I am not sure that that is really related. They are already connected to copper now, so they have no restrictions on the island. It is only a matter of buying additional capacity if they need more capacity.

Mr Higginbottom—In terms of the dial-up connections, they are limited by the bandwidth available for the voice surface via the satellite, which I think is 9,600, and that limitation will continue. That is not that far removed from ordinary fax, which, I think, goes up to 14.4. Is that right?

Senator ALLISON—According to the submission, mainland standard is 135,000 BPS.

Mr Higginbottom—We do not know where that came from.

Mr Kerley—That is news to us.

Mr Higginbottom—That is not a standard that is mandated anywhere and it is certainly not the capability that exists on the phone lines.

Senator ALLISON—So the speed limitation is going to remain. What needs to be done to deal with that?

Mr Higginbottom—That is perfectly adequate for fax. The issue comes if they want to dedicate a data connection and they wish to utilise the voice circuits. For that, they are limited to 9,600. However, they can purchase, as they have mentioned in the previous paragraph there, a dedicated line if they wanted to put on a permanent link and that will give them high speed access. So it is a matter if those links are available, but obviously they cost money. They cost money to Telstra, for instance. We have to purchase the satellite connections. Whilst we are sympathetic to those requirements, it is a matter of how those costs are funded.

Senator ALLISON—I want to get the process right here. Do you need to have 10 people apply for this in order to increase the spectrum or is it an individual thing?

Mr Higginbottom—No, it is individual. If someone wants something that is greater than the telephone system provides, then they need to purchase a dedicated line. It is no different than as if they were doing that within Australia. So it is a matter of them purchasing a dedicated connection.

Senator ALLISON—Indian Ocean territories attract the highest rate of STD charges. Is that correct?

Mr Higginbottom—Yes, over the 745 limit.

Senator ALLISON—Telecommunications between Norfolk Island and the mainland are charged at international rates. I think we referred to that earlier.

Mr Higginbottom—Yes.

Senator ALLISON—The use of trunking radio facility to support mobile telecommunications on Norfolk lacks the levels of privacy usually available through telephone communications, and the AFP go to some length to explain why this is problematic for them.

Mr Higginbottom—Yes. That is an issue with Norfolk Telecom. So that is a service that they are providing on Norfolk Island.

Senator ALLISON—It has nothing to do with Telstra?

Mr Higginbottom—It is not a service that Telstra provides, no.

Senator ALLISON—The radio telephone service to Christmas Island airport is not capable of supporting data transfer. Is that the same as the 9,600 BPS issue?

Mr Kerley—Again, the airport is now cabled so there are no restrictions. It is just that they also have an old system radio there that has limitations on it, but they can have much greater speeds now through the cable network.

Mr Higginbottom—If they want a connection between the two, there is absolutely no problem in providing that now.

Mr Kerley—I think that was a historical statement.

Senator ALLISON—So this new equipment will be finished when?

Mr Kerley—June 1999 is when we will have the new digital exchange plus all the customers cabled. There are also a number of businesses already cabled today. The business community and government places are already cabled now, about 300 of them, on the island.

Senator ALLISON—Do you offer different rates to business in the territories? Are there deals being struck as part of the new competitive framework?

Mr Higginbottom—There are two issues there. One is that, in terms of the business, there is the same standard business rates and business discounts and supersaver schemes—whatever is available on the mainland. So that is available on the islands in exactly the same way. In terms of the larger organisations, obviously we work to provide a solution to whatever their data needs are, but there is a high cost associated with dealing with the islands, so perhaps the room to do special services might be reduced.

Senator ALLISON—Reduced?

Mr Higginbottom—Well, removed.

Senator ALLISON—Non-existent?

Mr Higginbottom—The islands themselves are a net loss area for us obviously. There is considerable net cash loss.

Senator ALLISON—I think cross-subsidisation is what you are referring to.

CHAIR—In fact, are you able to produce those figures for us per island?

Mr Higginbottom—Per island, yes. As a ballpark figure, the last figures, which I think were 1995-96, were about \$600,000 for Christmas and about \$250,000 or \$300,000 for Cocos. That was our net cash outlay.

CHAIR—Not to speak of the capital.

Senator ALLISON—Is Telstra involved at all in Christmas Island having a satellite launching facility? Are you part of that consortium?

Mr Higginbottom—No, but we would be very keen to see it go ahead obviously.

Senator ALLISON—Would you? What difference would it make?

Mr Higginbottom—I guess anything that strengthens the infrastructure on the island strengthens the cashflow and the ability for Telstra to provide services to the island.

Senator ALLISON—How would it do that?

Mr Higginbottom—The local ISP, who is set up providing services, is very dependent on selling those services to the island. For instance, if a new business operates within the island, he then has another major customer who can perhaps help defray some of his expenses. In that sense, we are very conscious of the need for the islands to have these services. Obviously, the greater the demand on the islands for them the greater the—

Senator ALLISON—So it is just like another business, though. It has nothing to do with—

Mr Higginbottom—Yes, it is just another business.

CHAIR—Thank you very much for your submission.

[10.43 a.m.]

SMITH, Mr Richard Ian, Manager, Representation and Industry Development, Optus Communications, PO Box 1459, Canberra, Australian Capital Territory 2601

CHAIR—I welcome Mr Richard Smith from Optus. We have your extensive submission. Are there any alternations or additions?

Mr Smith—No, there are not.

CHAIR—Do you have an opening statement that you would like to make?

Mr Smith—Not a formal statement as such, but I would like to reassure the committee that we are aware of the needs of the external territories, particularly the ones with permanent populations, and we are making efforts to make sure that adequate communications are available to the extent that we are able to. I would also say that communications with these territories have been considered and are an important part of our planning for our future satellite, C1.

CHAIR—Can you explain the status of Optus and its presence on the external territories at this moment?

Mr Smith—We do not have a presence in the Indian Ocean territories as such. We are dependent on the availability of preselection capability for us to offer services to and from the islands. As has been stated by Telstra, we were party to the discussions that took place between the carriers and the government about preselection, and we understand and agree with the reasons that Telstra has put forward. Nevertheless, we are still very keen to make sure that the people on these islands do have access to Optus tariffs and the benefits of competition and, as a result, we have made available to the residents a product called the Optus Calling Card which enables the residents to access Optus tariffs from any phone and have access to our rates.

CHAIR—How does that work? Can you give a commonsense or a practical explanation? Someone gets the card and then what do they do?

Mr Smith—The user of the Optus Calling Card is provided with a PIN number, so it does involve dialling several additional numbers to access the service. From any phone anywhere in the world, in fact, you can dial the PIN number, dial the number that you wish to call and the call is charged back to your home phone private account. So it is a de facto way of giving people in these islands access to an Optus account until preselection is available.

Mr NEHL—It is the same as the Telstra credit card.

Mr Smith—I am not sure how the Telstra credit card works actually, but it is not a credit card. It charges the calls back to a home phone.

Mr NEHL—I used the word incorrectly. But I, for instance, have a card from Telstra with which I can call from anywhere in the world and it is charged to my home phone.

Mr Smith—Yes, if that is what it is. It is not a stored value card, though; it simply provides a PIN number. It actually gives the residents of the island a slightly additional benefit than preselection would. For the small disadvantage of dialling some additional numbers, they can access Optus tariffs, or competitively based tariffs, from any phone—it does not have to be from their home phone. Preselection, of course, provides you with choice of carrier from your domestic phone service, whereas you can use the calling card from a neighbour's house or from overseas. We have also waived the normal flag fall charge in the case of the island residents, and we are offering them a special rate.

CHAIR—What is the take-up of the card?

Mr Smith—They were sent out this week, so we do not know what the take-up is. We have certainly tested them; they will work. I could provide the committee with a report in a week or so once we have a picture of what is happening.

CHAIR—How are you going to sell it—letterboxing or something?

Mr Smith—I am really not sure of the precise strategy. I imagine that would be part of it. I can provide details of that too.

Mr NEHL—There are no letterboxes.

CHAIR—That leads me to ask: how does the USO work in relation to Optus?

Mr Smith—Certainly the USO applies to us like it would to any other carrier, so we contribute to the total USO cost nationally. In respect of the Indian Ocean territories, the obligation on us was to offer preselection, and we actually had a target date, which was the end of 1997. We cannot do that for the reasons that Telstra has explained about not upgrading the equipment there. So that is the extent of our USO as such. It is not really the USO; we are bound by the USO provisions under the act like all carriers.

CHAIR—You contribute to a fund?

Mr Smith—Yes, that is right. But, in terms of the islands, we actually had a commitment in our licence and in a network roll-out deed which had been executed with the government back in 1991.

CHAIR—That you must have a presence on the island?

Mr Smith—We must have made preselection available to all Australians by the end of 1997, and the only area that we have not been able to do that is the Indian Ocean territories.

CHAIR—You have answered my question because I was going to be frank with you and say, ‘Why would you want to go to Christmas Island; tell me the truth,’ but it is in your licence.

Mr Smith—It is in our licence but, as I said, they have featured significantly in our planning for the C1 satellite which is proposed at this stage—it is still subject to final approval, and we are out to tender with it—but the Indian Ocean territories do have a specific spot beam aimed at them which will provide them with services. It is a very high powered satellite and will also pick up Norfolk Island.

Mr NEHL—You have got an existing satellite which is used by the ABC for the Indian Ocean territories.

Mr Smith—Yes.

Mr NEHL—But there is no Classic FM on Christmas and there is no Classic FM or Radio National on Cocos. Is that because of the facility you offer, or is it because the ABC does not want to use your facility to provide it?

Mr Smith—I believe there is no technical reason why they could not provide it, so I imagine it is to do with the ABC. I can check that and provide that information to you.

Mr NEHL—I would be grateful.

Mr Smith—As has already been mentioned by Telstra, with the conversion of our satellite to digital, we no longer have a footprint coverage—or will not have once we complete the transition—over the Indian Ocean territories until the C1 satellite goes up. But that does not mean that we could not provide satellite services to or from the island because we have exactly the same option that Telstra has, and that is to use another satellite carrier. We have reconfigured the use of the transponders for commercial and other reasons. But it does not mean that we have turned our back on those territories. We could easily provide those services using the PanAmSat or some other carrier, while optimising the use of our transponders in other areas.

Mr NEHL—When does your existing satellite disappear?

Mr Smith—In about 2007 or 2008. C1 is planned, if it goes ahead, for launch in late 2000. That will be significant.

Mr NEHL—So there would not be a gap?

Mr Smith—No, not at all. We have four satellites up there at the moment.

Senator ALLISON—I was interested in your submission where it talks about the suggestion that the government could direct its regional telecommunications infrastructure fund moneys to the external territories for them to have the responsibility to maintain and operate it. How would that work? What sort of involvement would Optus have in that?

Mr Smith—Far be it for us to suggest to the government how to allocate RTIF funds, however, we are aware that there was no separate allocation for the external territories—it is on a state by state basis. As I understand it, the external territories are falling within the basket of the ACT for funding of projects, which does not really mean that there are adequate funds to direct specifically to the territories. As the committee is no doubt aware, Optus cannot actually apply for any funds under the RTIF because we are a commercial organisation. In fact, carriers, with the exception of the remote area broadcasting services, were specifically excluded.

We have been in close consultation with the Department of Communications and the Arts and have been quite happy to discuss scenarios with them. Our role in terms of providing funding would be to try to identify the needs of the communities and to assist them in lodging an application for funds. At this stage there is no allocation of funds specifically for the territories.

Senator ALLISON—You say that the turnkey operation is ‘cost effective and has proven successful around the world’. What does that mean exactly?

Mr Smith—An organisation like Optus would install the infrastructure and hand it over to a local administration to actually—

Senator ALLISON—What sort of infrastructure are you talking about?

Mr Smith—It might be the satellite installation or whatever.

Senator ALLISON—Who do you hand it over to?

Mr Smith—The local council, perhaps, or a telecommunications authority. At this stage, I do not believe there is any process where that can actually happen, but it seems like a solution that would be available with some forward planning.

Senator ALLISON—There is a possibility that this committee could make a recommendation to the minister along those lines, and that is why it is important for us to understand what it is you are suggesting.

Mr Smith—We have a lot of expertise, and Telstra has installed turnkey operations quite successfully around the globe. It is merely a means of providing infrastructure, expertise, technology transfer, training and access to services in areas that would not otherwise have that capacity.

Senator ALLISON—If such an approach were to be successful on, say, Christmas Island, you would employ a person to handle the technology?

Mr Smith—We might. To be honest, I would only be generalising; I could not tell you.

Mr NEHL—Does Optus have the capacity to provide a permanent link to Christmas Island?

Mr Smith—Right now, we do. As I said, the digitisation of the satellite means that we would not have a footprint over those islands. With the C1 satellite, we definitely would.

Mr NEHL—So you cannot do it now?

Mr Smith—I won't say we cannot do it now. Right now, it could provide a satellite link to the islands. It is simply because we have reallocated the transponders and what have you that that capacity will not be there but, as I have said earlier, we could provide a satellite link using another satellite system if that were necessary.

Mr NEHL—We are aware that the Australian Federal Police really would like to have a permanent link. What would your price be for installation?

Mr Smith—I would have to take that on notice.

Mr NEHL—Please do.

Mr Smith—Sure.

Mr NEHL—The installation and recurrent annual cost.

Mr Smith—Yes.

CHAIR—As a non-technical person reading your submission, it seems to me that when your satellite goes digital, so to speak, the islands will then have a problem with regard to free to air television. Have we got a Western Australian blackout situation here?

Mr Smith—Sort of. Western Australia, as you would be aware, has been something of a hiatus in the remote area of broadcast service. The digital transition

provided a window of opportunity for the broadcasters to seek alternative carriers. Golden West, the commercial broadcaster in WA, has selected to go with Telstra.

The nine other remote area broadcast licensees have selected Optus, with the ABC being one of the other licensees who contracted with us. So by and large—it is by no means settled yet—there is potential in Western Australia to have two carriers duplicating virtually the same services. That duplication does not extend to the Indian Ocean territories because our satellite will no longer provide the broadcasting capability in those islands whereas Telstra's use of PanAmSat enables that service to occur in those territories. However, as I said, we could do it using the same satellite system that Telstra is using.

CHAIR—There are two free to air stations that go into the territories now—that is, Christmas and Cocos Islands.

Mr Smith—Yes, that is the ABC and one commercial.

CHAIR—Golden West.

Mr Smith—Yes, Golden West.

CHAIR—They are with Telstra.

Mr Smith—The ABC is actually contracted with Optus, but Telstra has been able to piggyback a low bit rate ABC signal with the Golden West signal and is providing that service in the Indian Ocean territories.

CHAIR—I will skip over the technicalities and just ask this: when you digitise your satellite, what is Golden West going to do? Is Christmas Island going to lose a free to air station?

Mr Smith—Golden West has already decided to go with Telstra for the digital service. Our digital service will, therefore, no longer be available in the Indian Ocean territories.

Mr NEHL—So what does that mean in terms of television availability for Christmas?

Mr Smith—They will have access to the ABC and the commercial broadcasts that have been made available via Telstra.

CHAIR—So to the general public it does not mean anything particularly.

Senator ALLISON—Can you explain why it is that the Australian Broadcasting

Authority does not plan for Norfolk Island, yet the Australian Communications Authority advertises for microwave distribution system licences on the island?

Mr Smith—No, I cannot, I am afraid.

Senator ALLISON—It is probably something we should have put to the ACA.

Mr Smith—Yes, I think so.

Mr NEHL—Do you know if the Norfolk Island transmitters on Mount Pitt require greater power to cover the island, especially given your experience of satellite transmission?

Mr Smith—I am not sure about the actual transmitters. Certainly a larger satellite dish for reception of the services will be required on Norfolk Island with the digital changeover. In terms of the transmitters, I am aware that there are some problems with reception of that transmitted signal, but that is to do with the transmitter, not the satellite signal or the reception of it.

CHAIR—You make this statement in your submission:

The world market will deliver complete satellite installations for all communication services at a cost to consumers for an integrated system—

that is, everything—

of less than \$3,000 . . .

I guess that is a year.

Mr Smith—No, this is the purchase of the installation—the equipment.

CHAIR—By the year 2000-01. Does that sweeping visionary statement basically mean all the communications problems for the territories is over?

Mr Smith—It could mean that. There is obviously a question of funding—of establishing the links and, perhaps, annual recurrent costs; there is the cost of the actual physical infrastructure and, certainly, the installation. We would envisage it being down to that price.

CHAIR—So this concern and debate will all be over by 2001?

Mr Smith—No, because there are significant other costs. Receive-only satellite

dishes are in the range of hundreds of dollars, not thousands. A decoder box for the current Remote Area Broadcast Service is approximately \$1,000, give or take a little bit on that—and the prices will come down. The digital decoders that Optus has selected for use on our Aurora platform—I am not drawing a direct comparison with any other decoders; I am just referring to the ones that we are using—have data capabilities; they have two data ports, in fact. One is a 64K, but there is also a 42-megabit data port on our decoder boxes which is almost a mind boggling rate. The use of these decoders or data ports means the potential is there for significant development. I certainly cannot predict what might be available by using this equipment over the next 12 to 24 months. For a VSAT terminal with a very small aperture—VSAT is the name for a very small dish that both receives and transmits—I suppose you might be looking at \$10,000 a year ago or so; but the prices are coming down and as the market grows the prices will come down further. It is a bold statement; it is an estimate, but I have no reason to suspect we would not get to that.

CHAIR—We will have state of the art telecommunications, or communications?

Mr Smith—Yes, a single dish and probably a single decoder—some data applications may need a separate decoder and some communications services may; but our intention was to make services available through a single dish and a single decoder and, hopefully, that is what we will achieve.

The other thing I would say is that the C1 satellite that is planned is a very high-powered satellite and, whilst I cannot give details of dish sizes generally, that will mean smaller dish sizes.

CHAIR—Just for the record, I will ask these two questions. What is the current status of pay television services to external territories or is it a question more for Telstra?

Mr Smith—It is valid to us, I suppose. We are considering the feasibility of offering pay television over satellite. The system that we are using for the Remote Area Broadcast Service—and therefore the equipment that is used to receive that service—has been specifically designed to be compatible with the pay TV industry. If a pay TV product is available via satellite, it would not involve the purchase of any additional equipment.

Mr NEHL—That would be available to other areas in Australia as well as the external territories?

Mr Smith—Yes. As I said, we are exploring the feasibility of a pay TV satellite product. That does not mean that it would be the same Optus Vision product that you would see in Sydney off the cable; it may be, or it may be some other package of services. But, for all intents and purposes, it will consist of programming which is identical to that available elsewhere; and you might find the full suite of channels are the

same as well.

CHAIR—Have you got any costs that you could submit to us, say, for Christmas Island?

Mr Smith—For pay television?

CHAIR—For pay TV, per household.

Mr Smith—No, I am not sure. I could take it on notice, but I am not sure we would be able to provide the information.

CHAIR—It could be commercial-in-confidence?

Mr Smith—It could be commercial or it may not even be available.

Mr NEHL—You have already said that ABC and Golden West use a satellite to get their television programs to Christmas and Cocos. Are there any plans for television services within Australia to use satellites to generally cover the whole of Australia—as well as for their FM service?

Mr Smith—Sure. In fact, that is largely what happens now. The Remote Area Broadcast Service provides satellite broadcasting in various zones around Australia: western, central and north-east. There is also a south-east, but that is slightly different.

The free to air broadcasting—the ABC and one commercial television and radio services—is provided by satellite into these areas at the moment. To be eligible to receive that signal and to be part of that licence area, you must live in that licence area, which is generally defined as being outside the normal terrestrial broadcast areas. If you can put up your rabbit ears and get a TV signal, generally you would not be entitled to receive the Remote Area Broadcast Service, but technically it is there.

Mr NEHL—I have got a particular reason for asking this which is not relevant to the inquiry: my electorate is on the mid north coast of New South Wales and includes up to the Great Divide, which means we have got a lot of narrow valleys going up. I have a lot of constituents who cannot get television reception or cannot get adequate television reception. Is it possible that right now by using the satellite system that they could qualify?

Mr Smith—Certainly they could get the ABC. There is no restriction on receiving the ABC or SBS services that are coming off the satellite. There are people in fringe areas around Sydney or even in suburbs in Sydney that are doing that.

The commercial services, though, are confined to the licence area of the commercial broadcaster. So in the case of Western Australia—the Golden West licence area—it is very clearly defined roughly down the border; there is a slight splashing over. To receive the Golden West signal, the Central Zone signal or the North Eastern signal you must be living in that zone or else the broadcaster would be in breach of their licence.

You may have actually seen some fuss or some publicity around February or March this year about the WA service. That largely related to our desire to continue to provide the analog broadcast signal in Western Australia while we were in the process of transitioning to digital, even though Golden West already had. We were wanting to provide that service but unfortunately could not restrict it strictly to the Golden West licence area: there were something like 112 households that could receive that but were not entitled to. We needed to go to the ABA for permission.

So it is quite a strict control over the receipt of that signal. Technically there is no problem. We are aware that people purchase decoders with, say, an address in Queensland but they want to use them somewhere else, which would give them access to their services. It is outside the scope of the act, of course, and I certainly would not condone it, but we are aware that happens.

CHAIR—Thank you very much, Mr Smith.

Proceedings suspended from 11.07 a.m. to 11.40 a.m.

[11.40 a.m.]

DENAHY, Mr David John, National LAN Support Coordinator, Information Technology, Australian Federal Police, GPO Box 401, Canberra, Australian Capital Territory 2601

LUTHER, Mr Alan Samuel, Coordinator, Commonwealth Territories Policing, Australian Federal Police, Winchester Police Centre, Belconnen, Australian Capital Territory

STOLL, Mr William James, Assistant Commissioner, Australian Federal Police ACT Region, Australian Federal Police, PO Box 401 Canberra City, Australian Capital Territory 2601

CHAIR—Welcome. We have your submission. Are there any changes or additions you would like to make to it?

Mr Stoll—No, there are none, thank you.

CHAIR—Would you like to make an opening statement?

Mr Stoll—I thought that by way of an opening statement, rather than reiterate the formal submission, I might give an operational overview of the responsibilities so that it might add some context to the formal submission. On Norfolk Island we have a sergeant and two constables deployed to the island. We provide police and ancillary services under the arrangement between the Commonwealth and the Norfolk Island Administration. In fact, on Norfolk Island we are very much part of the Norfolk Island police service.

By way of background, the police there in recent months have been involved in coordinating a full-scale search and recovery in relation to a missing person. They deal with the full range of community policing activities there as a question of scale, given the population of Norfolk Island itself.

CHAIR—Missing in the sea?

Mr Stoll—Yes. A woman went missing and the body has not been recovered, but they are required to coordinate the full emergency service reaction.

CHAIR—A local?

Mr Stoll—A local person, yes. They have also had inquiries in relation to a number of sexual assaults. There was an arson committed at the police station on Norfolk Island, which caused some damage to the police facility. There have been a number of burglaries, and the usual range, as I say, in the context of a couple of thousand people, but domestic violence is quite prevalent on the island—

CHAIR—These are very good statistics. Does domestic violence being prevalent mean that the statistics are greater in percentage than on the mainland?

Mr Stoll—No, I would say that per capita they are probably in line with any other community. It is just that, being a very close community, the policing issues there from a community policing perspective are slightly different to, say, providing a community policing service to Sydney or indeed Canberra. All the residents know one another and they know a lot of personal details, so it is a difficult situation for the police. They are part of the community but they are also involved in enforcing the law on the island, no different to Christmas Island and Cocos.

CHAIR—You are now under privilege as another member has arrived. Garry, we are just getting an overview of the policing, more than just the communications.

Mr Stoll—There is a broad range of community policing responsibilities, but I was saying that it is a question of scale and the particular composition of the community. The introduction of random breath testing has been somewhat controversial on the island. It is an island which has had a long tradition of fairly open and free law enforcement in the traffic area. They have the usual number of accidents, and indeed have had some fatal accidents in recent years. We very much piloted the introduction of random breath testing and also some speed detection instruments such as the laser speed measuring device, but that is done in consultation with the Norfolk Island Administration.

Our officers also perform custodial duties. They have people in custody doing periodic detention, which only arose last year as a result of the decision of the visiting magistrate. We had to prevail on the Administration to amend the legislation so that there were other officers available. Until then, the police were making arrests, prosecuting and then performing the functions of detention officer. We have been successful in that and a number of local residents have taken on some of those responsibilities.

On Christmas Island we have a superintendent, two sergeants and seven constables, supported by a number of special members. Once again, the full range of community policing activities are undertaken. The traffic enforcement issues are pretty much the same as Norfolk Island but of a slightly different composition within the population. We have recently commissioned a new police vessel, the CS *Winchester*, and that has enhanced our capacity to provide some sort of marine coverage close to the island. We have members there who have got all the broad range of community policing skills. In fact, that is part of the reason that within the Australian Federal Police organisation the administration of the island territories policing is placed within community policing in the Australian Capital Territory.

They coordinate a number of disaster activities there and receive training in disaster management. So, from a communications point of view, it is essential not only that we have properly trained people there to react to natural disasters and other things but

also that they have access to good communications off-island and also on-island so that that can be done in an appropriate way. Recent examples of police activity in Christmas Island include fifteen Iraqis being detained as illegal immigrants after arriving in an inflatable boat during July 1997. This seems to be an increasing trend. We are continually confronted with situations of people arriving, having left vessels at open sea. Then it is really a question of detention or recovery from a safety point of view, because they are usually put off onto insubstantial vessels and they are left to drift in the vicinity of Christmas Island. An Indonesian fishing vessel arrived on the island in September 1997 carrying 28 illegal entrants. The master of that particular vessel was charged under the Crimes at Sea Act and he has been convicted and is serving a period in prison. In fact, not unlike Norfolk Island, four months of that service had to be served on the island, so our officers were also engaged in detention duties and custodial requirements to facilitate that.

CHAIR—Did Christmas Island undertake the hearings in that particular case?

Mr Stoll—They did. A visiting magistrate attended.

Mr NEHL—What was the sentence?

Mr Stoll—He served four months, as I recall, on the island but was then taken to Western Australia. I think it was about a 12-month sentence. Two men were convicted of multiple burglary offences. So there is a full range of community policing type activities there. Of course, the closure in May of the air link has impacted upon the resources required on the island. As the committee is no doubt aware, there are also proposals for a space launching facility to open, which will cause us to reassess our commitment by way of resources.

On Cocos (Keeling) Islands we have got a police sergeant, supported by two full-time special members who are islanders. The sergeant's responsibilities there extend to emergency services; he is the emergency services controller. Again, it is a smaller community but the same sorts of issues arise. In the recent couple of weeks a French vessel arrived. There had been a death on board of a Singhalese national who died as a result of receiving injuries on the vessel, so there needed to be the usual coronial inquiry and preparation of a brief of evidence for the coroner. They become involved there in enforcing wildlife protection orders. The taking of sharks and manta rays from Australian waters is very much part of their responsibility. They have access to a very small police boat and they very much rely on the islanders on Cocos for support at times of crisis or when they need to move around the island. Once again, as best is able to be applied, the range of community policing responsibilities to do with education, safety and crime prevention are very much part of our program there.

By way of summary, we try to provide, within scale, all of the services that we provide here to the community of Canberra. We attempt to also enforce the Commonwealth interests in relation to narcotics trafficking that we hold in other parts of

Australia. They are exposed to a whole range of such activities, and communications is a very vital part in our efforts to thwart those sorts of illegal entries and illegal activities that might happen in that part of the world.

CHAIR—Federal police are present on the island, but under what laws?

Mr Stoll—Because of the administration on Norfolk Island, we are very much there under an arrangement not unlike the arrangement we have here in Canberra, where we have the community policing responsibilities under an arrangement with the ACT government. On Norfolk Island we are there as part of the Norfolk Island police service. We wear Norfolk Island police insignia and we are responsible to the local administration.

CHAIR—To Norfolk Island laws and regulations.

Mr Stoll—That is right. As part of the Australian Federal Police on secondment, if you like.

CHAIR—Do they reflect the ACT laws?

Mr Stoll—Very much so. The ordinances and the acts of Norfolk Island are very much modelled on the previous laws of the Australian Capital Territory. In some regards the Crimes Act and the Motor Traffic Act on Norfolk Island have not been updated, with due cause, I suspect, because they do not use laser equipment, they do not use the same sort of technology. They are very much based on the laws of the Australian Capital Territory as they were probably about eight to nine years ago.

On the other external territories, we are there, if you like, of our own right, as part of the support from the Commonwealth of Australia. On the external territories, apart from Norfolk Island, the laws of Western Australia apply in the island territories of Cocos and Christmas islands. We provide that service not under so much of a contract but as part of our core responsibilities as Australia's law enforcement agency, very much identifiable as the Australian Federal Police.

Senator ALLISON—We have put a number of the complaints that you made in your submission to Telstra and to Australia Post—

Mr Stoll—Good.

Senator ALLISON—You will get a transcript from it. On the matter of permanent connection between the islands and the mainland, you say you have been quoted \$110,000 initial installation cost and \$55,000 recurrent annual rental costs. According to Telstra, that is normal. That is what you get if you apply for a line anywhere else as well.

Mr Stoll—Yes.

Mr Denahy—I do not think that is the case within Australia. A lot of that cost quoted, \$40,000 and \$10,000, was because of the poor infrastructure on the island, which is not the case on the mainland.

Mr NEHL—I did pursue them quite intently and I have asked them to give us some information on that. I asked what was their costing for a similar service from here to Coffs Harbour, where I live, and I also made the point that if you have got the satellite connection, to go from this point to there to right alongside it, or to there, there is no additional cost whatsoever. If we could get them to accept that in regard to Christmas and Cocos, we might do all right in Australia as well.

Mr Denahy—I have the original quote here explaining where the infrastructure fails, if that is of any interest.

Mr NEHL—Thank you. I notice from your submission, and it is fascinating, that at times when television services are not available on Norfolk juvenile crime balloons. Is this normal? I should rephrase that. What are the times when there is no television service available?

Mr Stoll—There are two things. There is timing of the transmissions, and they are only limited to a certain number of hours, as I understand it, but it is also reliability. For some of the scheduled times the system goes down. In relation to the submission, I have got a couple of views on that point. One is that in our society here, for example, we are continually saying that increased exposure to video violence and TV transmissions enhances the levels of violence, and yet it seems to contradict what we are saying on Norfolk Island. I think it is pretty much to do with the society that exists there and some of the other unique influences on Norfolk Island. But I think it is a question of saying that when there is free time the young people do other things, and on Norfolk Island they get up to the usual range of things that young people get up to in other environments.

The traffic enforcement issue is one thing. We have got a high incidence of young people driving and that has been encouraged for a long time on Norfolk Island. But I think it is just to make the point that without access to a whole range of technology perhaps there is an increased crime rate, but there are downsides to access to technology as well, as we all know.

Mr NEHL—In your opening statement you made reference to times of crisis in the Indian Ocean territories. How often do you have times of crisis, and what sort of crises are they?

Mr Stoll—I suppose I was referring mainly to natural disasters. With the build-up during particular periods of the year, there are all sorts of warnings.

Mr NEHL—Cyclone.

Mr Stoll—Cyclone warnings and other things that happen. People have to be advised of those and, depending on how close they come to the island, those sorts of things are important.

Senator ALLISON—We also took up with Australia Post your complaints about mail deliveries. They were somewhat surprised at your comment that it took eight months for mail to arrive in the Indian Ocean territories. They assured us that mail was not being off-loaded and going by sea when it was clearly marked for air transport. But they did say they would get back to us with a full list of the complaints that had been made in recent times. So I would encourage you, if you know of delays in mail, to make sure that there are complaints made which are formalised so Australia Post is aware of that.

Mr Stoll—Certainly.

CHAIR—You make the statement:

The radiotelephone service at Christmas Island Airport does not support customs and immigration data transfer with the police station.

Can you explain that in practical layman's terms?

Mr Stoll—The issue there really is access. I would suggest that it is a bit too much perhaps to ask, because of all the resource constraints, to have the same sort of online access that policing would have in Australia, such as access to ABCI databases and Customs databases and those sorts of things, which we have long had through a mainframe. However, I think it is a matter of convenience. Anecdotally, people disembark at the airport, they expect to be processed efficiently through the primary line, both through customs and for police purposes. The point that we are making there is that the administration would say, and tourism would say, that any delay in that environment is against open tourism and quick access to facilities and those sorts of things.

There are occasions when people arrive and police at the primary line with customs need to know, in a fuller way than is disclosed on some of the entry documents, some background. In those sorts of circumstances, it assists to have access to an online facility where the same quality checks can be done from there as they might be able to be done, say, from Sydney airport or from Canberra airport. It is a question of timing, public access and being provided with a facility which enables the free flow of people through. It is a question of scale, once again, of course. The number of arrivals are not by any measure the same as those at some of the mainland airports. But it is a question of having the best access to the best information.

CHAIR—You will have to explain to me what a trunk radio system is.

Mr Stoll—Over to Dave.

Mr Denahy—It is not actually within—

Mr Stoll—Not your expertise. My understanding of a trunk radio system, from a practical operational policing point of view, is that it is not unlike the party line in some of the remote areas of Australia where people have access and it is open access. So you might as well be talking on open access radiocommunications. It is just a matter of picking up the phone and you can hear people talking about the whole range of things. To give a practical example from here, when I speak to the police in those situations, whether it is about the possible importation of narcotics into Norfolk Island or the movement of people, it is broadcast through the trunk system and is able to be accessed by other subscribers.

CHAIR—That is archaic. It is impossible.

Mr Stoll—It does not assist with modern policing, I have to say.

Mr NEHL—It is ridiculous.

CHAIR—There you are. We have hit the jackpot there.

Mr NEHL—Is that run by Norfolk Island Telecom?

Mr Stoll—Yes, I understand it is. When the police station is not manned—they have only two or three people on duty—they go mobile. They are out doing traffic or responding to the needs of the community and they have to switch the line from the police station through to the police vehicle. In doing so, that is transmitted over pretty much an open net. So there is no privacy, and that impacts in two ways. Firstly, it impacts on the availability of information for policing purposes. It also has privacy implications in a very small community where people can become aware of personal details and domestic details that they should not become aware of.

Mr NEHL—In your submission you said that one of the problems was that people are reluctant to phone and report crimes in progress because of the scanning of the phone system.

Mr Stoll—Yes, indeed—not unlike, I suppose, any system in Australia which is analog and can be scanned. Police radios can be scanned unless they are digital. We have moved towards digital communication. Quite frankly, I have had a number of conversations with my sergeant on Norfolk Island and if he is out in the police car we have to be very cautious about what we are talking about from both perspectives, as I have said before.

CHAIR—And you say your members would greatly appreciate access to email. I can see why.

Mr Stoll—We really need some secure network. There is another side to it as well. We are obliged to provide our members, men and women, on any of the island territories with the very best of support in relation to their own development, access to training, access to best practice in community policing, and diversionary conferencing trends and all of those sorts of things, and we can do that through the post, or through sea mail, but I think we would be better placed if they had access to email facilities. We could then do training on-island. We would not have to return people to the mainland for training, and I think there are a lot of initiatives we could take if we had that access.

Mr Denahy—Christmas Island only recently has had access to email.

CHAIR—I was just about to ask that. There is one service provider there, isn't there?

Mr Denahy—No, we have done that ourselves. Of an evening it dials up and passes the mail back and forth, but because of the quality of the lines, we can only get one-third the speed of mainland lines, so we are taking on those STD rates—extended periods.

Mr NEHL—Are you reimbursed for that sort of expenditure by the department which is responsible for the territories?

Mr Luther—The territories department funds federal policing in the Indian Ocean territories.

Mr Denahy—We are actually taking on the costs of those calls at the moment, though. Just in the way we have configured it, we are picking up those. It is being lumped in with the AFP telephone budget.

Mr NEHL—Would you expect the department of territories to pick up the cost of a permanent link if it was \$110,000 or less?

Mr Luther—If we could identify the cost to the Indian Ocean territories, we would seek to recover that cost from the territories department. At the moment, it would appear that the cost is caught up in the overall costs of the AFP headquarters switchboard, where it would be difficult to identify the individual cost.

Senator ALLISON—Have you made that application?

Mr Stoll—No, we have not as yet. I think the reality is that the funding for the police component, excluding Norfolk Island of course, is done, as Mr Luther has explained, as part of the base line appropriations to the AFP. We negotiate with the department for recovery, and certainly Alan can talk about the cost of housing and other things. It is along those recovery lines for specific items. The AFP absorbs a number of

the costs and it seems that we are absorbing this cost at the moment.

Senator ALLISON—So what is the status of this application for a permanent connection between the islands and the mainland?

Mr Stoll—Unless one of the other gentlemen can add to it, my advice is that the original costings seem not to be able to be achieved within the AFP's budget at this stage.

Senator ALLISON—So you put that aside as being unachievable or unaffordable, do you?

Mr Stoll—At this stage, yes, in lieu of any arrangement we might have with territories and further pursuit of organisations such as Telstra to make some other cost arrangement.

CHAIR—How large a part of policing activity is the problem of illegal immigration? Is it just the Iraqis or is there a constant flow now?

Mr Stoll—It has been in the last 18 months. Perhaps that followed some events in the Middle East, but there seems to have been some intelligence at least that there is an overland route that is being used through to Indonesia and then through a variety of vessels heading towards the closest port of call in Australia, and that happens to be in that area of Christmas Island. The people involved are very well aware of repatriation to the mainland and then the possibilities of achieving some sort of status through that.

It has increased, certainly in the last 12 to 18 months. It seems to have become more organised in a sense. People are coming off some atrocious vessels, which certainly are not seaworthy. I have seen the condition of some of them and I am surprised that they make it to Australian waters. But it has increased. There is evidence that indicates that it is organised. It is done for the payment of money, as distinct from for true refugee reasons. As I say, we have noticed an increase in the arrival rate.

CHAIR—But not Indonesians?

Mr Stoll—Not so much, no. They are usually facilitated by one of the closer Asian countries, but they seem to be more Middle Eastern nationals.

CHAIR—It is a good argument for upgrading communications, isn't it?

Mr Stoll—It certainly is, from two directions. We have an overseas network of liaison officers as part of the AFP's overseas effort to prevent and work very closely with Australian Customs and with Australian Immigration. It is a matter of getting the best information from not only the Australian direction, but also from our Australian posts throughout Asia. The link really needs to extend in both directions.

Of course, because of the vastness and the resources there, there is very little chance of being aware in advance of an approaching vessel. You do not see them until they arrive in the cove and are then put off onto rafts or try to swim ashore. As I said before, it is very much then a safety issue and a humanitarian response as much as it is a law enforcement response. We are then left to deal with them in a custodial situation until Immigration can process them and relocate them off the islands.

Mr NEHL—My understanding was that there had been a change in the way we dealt with this and that people who came illegally were virtually put on a plane and sent straight back. I thought this had virtually eliminated the flow of illegals, particularly from China. Is my understanding wrong on that?

Mr Stoll—Certainly from the Australian police perspective, it is very much a Customs and Immigration problem. But from our involvement in it, it is very much a matter of getting the message out through Foreign Affairs, through Immigration, through Customs. Our perspective—and I speak on behalf of only the Australian Federal Police—is that the greater education campaign we can have that there is speedy repatriation means less impact on Australian Federal Police resources.

I think that is done to a certain extent when arrivals happen in, say, Darwin Harbour, where the facilities are available for speedy repatriation or quick processing. I guess it is the isolation of Christmas Island that makes it difficult and the process has been to get them back to Port Hedland and do the processing there, rather than continually relocating people from Immigration or Customs or other support onto the island.

Mr NEHL—From your knowledge, are we now involved in speedy repatriation?

Mr Stoll—Once again, driven by the arrival rate there has had to be a quicker response. I think we, collectively—in the sense of all the Commonwealth agencies involved—have reassessed it and now apply a speedier resolution. That has been driven by the increased arrival rate. There are certainly streamlined procedures in place.

Mr NEHL—My question was purely based on media reports in that the number of stories about boat people arriving has diminished or decreased perceptibly. But you are saying that the arrival rate has increased.

Mr Stoll—I think it has decreased into places like Darwin where there is probably a greater feedback of the results into some of the other countries. But Christmas Island remains somewhat remote. Maybe it is a case of the media being less attracted to stories of illegal immigrants arriving that has led to the perception that it is still not happening. Maybe it has reduced on the mainland.

CHAIR—Still on the immigration/illegal immigrants question, for intelligence, for approaching illegal immigrants, is there any liaison with the Department of Defence?

Mr Stoll—There is, but generally as a result of a specific request. If we become aware through our liaison officers in Asia, for example, or through some information received from Customs, then we do have a facility to make a request of Defence in the area or specifically to embark upon some reconnaissance for us. I might say that Defence, for their effort, are always willing to cooperate in that regard and also on occasions to provide us with advance warning of the arrival of some of the vessels. It simply is an enormous area to cover—a pinpoint on the map—and we usually do not have much advanced warning of their arrival until they are virtually swimming ashore.

CHAIR—So there is no Coastwatch service?

Mr Stoll—No, only the facility that I am aware of that operates off the mainland. That is through the Orions and other aircraft. Once again it is just a question of the remoteness of the area.

CHAIR—They could virtually be upon you and you would not know it.

Mr Stoll—They virtually are and it usually happens in the late evening or early morning. One of the other concerns we have got, not particularly to do with communications, is that the vessels that arrive usually have to be destroyed because they are so ridden with vermin and disease, and of course the people themselves have the potential to introduce onto the islands some of the diseases that Australia has been very successful in eliminating.

CHAIR—If you see Mr Suharto on a row boat, you will let him in, won't you? That is all gentlemen. Thank you very much.

Resolved (on motion by **Mr Nehl**):

That the committee authorises the publication of the evidence given before it at this public hearing today, including the two exhibits.

Committee adjourned at 12.11 p.m.