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SENATE

STANDING COMMITTEE ON ENVIRONMENT,
COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE
ARTS

ESTIMATES

(Budget Estimates)

THURSDAY, 24 MAY 2007

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**SENATE STANDING COMMITTEE ON
ENVIRONMENT, COMMUNICATIONS, INFORMATION TECHNOLOGY AND
THE ARTS
Thursday, 24 May 2007**

Members: Senator Eggleston (*Chair*), Senator Bartlett (*Deputy Chair*), Senators Birmingham, Kemp, Lundy, Ian Macdonald, Webber and Wortley

Participating members: Senators Adams, Allison, Bernardi, Boswell, Bob Brown, George Campbell, Carr, Chapman, Conroy, Crossin, Chris Evans, Faulkner, Ferguson, Fielding, Fieravanti-Wells, Forshaw, Heffernan, Hogg, Humphries, Joyce, Lightfoot, Ludwig, Lundy, Marshall, Sandy Macdonald, McGauran, McLucas, Milne, Moore, Nash, Nettle, O'Brien, Parry, Payne, Robert Ray, Siewert, Stott Despoja, Watson and Wong

Senators in attendance: Senators Birmingham, George Campbell, Conroy, Eggleston, Fielding, Humphries, Kemp, Ian Macdonald, Marshall, Moore, Nash, Parry, Stephens, Webber and Wortley

Committee met at 9.05 am

**COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS
PORTFOLIO**

Consideration resumed from 23 May 2007

In Attendance

Senator Coonan, Minister for Communications, Information Technology and the Arts

Department of Communications, Information Technology and the Arts

Executive

Ms Patricia Scott, Secretary

Ms Fay Holthuyzen, Deputy Secretary, Infrastructure and Access

Dr Rod Badger, Deputy Secretary, Strategy and Content

Ms Lynn Bean, Acting Deputy Secretary, Arts and Sport

Mr Abul Rizvi, Deputy Secretary, Protecting Australian Families Online

Legal

Mr Don Markus, General Counsel

Corporate and Business

Mr Frank Nicholas, Chief Operating Officer, Corporate and Business Division

Mr Mike Hutchings, Chief Information Officer and General Manager, Information Technology and Facilities Branch

Ms Cheryl Watson, Acting General Manager, HR and Communications

Mr Tim Cornforth, Manager, Regional Network Management Unit

Finance and Budgets

Ms Jennifer Gale, Chief Financial Officer

Infrastructure and Security

Mr Col Lyons, Chief General Manager, Infrastructure and Security Division
Mr Andrew Maurer, Acting General Manager, Networks Competition Branch
Mr Simon Bryant, General Manager, Broadband Infrastructure Branch
Mr Ashley Cross, General Manager, Security Branch
Mr Bill Scott, Acting General Manager, International Branch

Access and Consumer

Mr Keith Besgrove, Chief General Manager, Access and Consumer Division
Mr James McCormack, General Manager, Broadband Development Branch
Mr Brenton Thomas, General Manager, Networks Operations and Spectrum Branch
Mr Rohan Buettel, General Manager, Consumer and Shareholder Branch

Content and Media

Dr Simon Pelling, Acting Chief General Manager, Broadcasting
Mr Gordon Neil, General Manager, Media Industries
Mr Simon Cordina, General Manager, Digital Content
Ms Trish Barnes, Acting General Manager, Digital Broadcasting

Strategic, Development and Regional

Dr Beverly Hart, Chief General Manager
Mr Philip Allnutt, General Manager, Indigenous Communications
Mr Lindsay Barton, General Manager, ICT Development
Mr Tom Dale, General Manager, Strategy Branch
Ms Liz Forman, General Manager, Regional Branch

Arts and Sport Division

Mr James Cameron, Chief General Manager, Arts and Sport Division
Mr Peter Young, General Manager, Film and Digital Content Branch
Mr Mark Taylor, General Manager, Arts, Regional and Governance Branch
Ms Lyn Allan, General Manager, Indigenous Arts and Training
Mr Paul McInnes, General Manager, Collections
Mr Bill Rowe, General Manager, Sport
Ms Jenny Anderson, Chief General Manager, Old Parliament House and National Portrait Gallery
Mr Kate Cowie, General Manager, Contents and Programs, Old Parliament House and National Portrait Gallery
Mr Paul Salmond, General Manager, Heritage and Property, Old Parliament House and National Portrait Gallery
Mr Andrew Sayers, Director, National Portrait Gallery

Australia Post

Mr Michael McCloskey, Corporate Secretary
Mr Jim Marshall, General Manager, Mail and Networks
Mr Rod McDonald, Group Manager, Human Resources
Mr Don Newman, Manager, Network Infrastructure
Mr Michael Tenace, Group Financial Controller
Ms Elizabeth Button, Group Manager, Retail Channels and Infrastructure

Mr Stephen Walter, Group Manager, Corporate Public Affairs

Ms Catherine Walsh, Manager, Employee Relations

Australian Communications and Media Authority

Mr Chris Chapman, Chairman

Ms Lyn Maddock, Deputy Chair

Mr Chris Cheah, Member

Ms Nerida O'Loughlin, General Manager, Industry Outputs

Ms Andree Wright, Executive Manager, Industry Outputs

Mr James Shaw, General Manager, Strategy, Analysis and Coordination

Mr Giles Tanner, General Manager, Inputs to Industry

Mr John Neil, Executive Manager, Strategy, Analysis and Coordination

Mr Marcus Bezzi, General Manager, Legal Services

Ms Dianne Carlos, General Manager, Corporate Services

Mr Grant Symons, Executive Manager, Industry Outputs

Mr Paul White, Executive Manager, Industry Outputs

Australian Broadcasting Corporation

Mr Mark Scott, Managing Director

Mr David Pendleton, Chief Operating Officer

Mr Murray Green, Director International, Corporate Strategy and Communications

Special Broadcasting Service Corporation

Mr Shaun Brown, Managing Director

Mr Jonathon Torpy, Chief Financial Officer

Mr Bruce Meagher, Director Strategy and Communications

Mr Paul Broderick, Director Technology and Distribution

Ms Paula Masselos, Director Radio

CHAIR (Senator Eggleston)—I declare open this hearing. Today we will continue the examination of the Communications, Information Technology and the Arts portfolio, in accordance with the agenda, and we will begin with the Australian Communications and Media Authority. Under standing order 26 the committee must take all evidence in public session, and this includes questions on notice and the answers to them. The committee notes that it has fixed Tuesday, 31 July 2007 as the date for the return of answers to questions on notice. I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee.

The Senate by resolution in 1999 endorsed the following test of relevance of questions at estimates hearings. Any question going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purposes of estimates hearings.

I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. The Senate has also resolved that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall

be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister.

Australian Communications and Media Authority

CHAIR—Mr Chapman, do you wish to make an opening statement?

Mr Chapman—No, I do not, except to note that I am joined by my colleagues at the table today—all five of my general managers, my deputy chair and my other full-time executive member of the authority. Thank you for the opportunity to appear. It hardly seems like three months ago that we were here. It seems like three weeks. I have no opening statement.

CHAIR—Thank you for bringing so many staff.

Senator CONROY—I would like to congratulate you on your willingness to turn up and to have yourself and your staff come to estimates. It is a pity that not everybody follows your example. I would like to ask you a number of questions about where the audit of Telstra's 3G network coverage is at. Where are we at in the process?

Mr Chapman—Mr Tanner has operational responsibility for that and he will take you through it.

Mr Tanner—The audit is in two stages. The first stage was completed in the first quarter of this year, which was a large sample of the CDMA coverage. The second half of the audit will be a sample of exactly the same cells. It is about 100 cells over a route of several thousand kilometres of the 3G network. We would not be undertaking that until we are advised by Telstra that they consider that they have achieved same or better coverage and that the networks are ready for comparison. We are anticipating that will occur in the third quarter of this year, but we do not have a more explicit date than that. We stand ready to complete the audit and report to the government.

Senator CONROY—When you say you did a large audit of the CDMA, what did that involve?

Mr Tanner—Basically we engaged a private sector consultant, Zamro International, with a lot of expertise in this area. They had a truck with equipment for measuring call connections and performance. They were accompanied on a route that bore some resemblance to but was largely different from the route to be put out in a public tender. From memory, that route took them around four states, several thousand kilometres and through approximately 100 cells over a period of about seven or eight days in January-February. The staff on board that vehicle basically continuously made calls and measured whether they got through and whether the calls—

Senator CONROY—This is on the CDMA network?

Mr Tanner—Yes, this is the CDMA network. We did not purport to measure the 3G network—although that was already very extensive—because we have not been advised by Telstra that they consider they have achieved their goal yet. We will do that second measurement once we have that word from them.

Senator CONROY—Telstra are not making the claim to you that they have got equivalent coverage yet?

Mr Tanner—No. Telstra have made a number of claims, including that the rollouts proceeded a lot faster than was anticipated last year, and, from memory, they have achieved something like 98 per cent of the population covered. That is from memory, but they have not advised us that they have achieved their goal and we are awaiting the word from them, which we expect in the third quarter. Just to complete that, having got that data from the drive, what the consultant then does with ACMA staff is to analyse that and basically use that to draw conclusions about the coverage and also about the accuracy of the maps that Telstra uses about what it warrants its coverage is. That was then the subject matter of a report to the government.

Senator CONROY—Did anyone accompany the consultants on their trek?

Mr Tanner—Yes, an engineer from ACMA accompanied the consultants.

Senator CONROY—Anyone else?

Mr Tanner—No.

Senator CONROY—Telstra has already started advertising the fact that the CDMA network is going to close. Has ACMA or the 3G working group given Telstra the indication that everything is shipshape with the 3G coverage and that the CDMA switch-off can proceed?

Mr Tanner—As the 3G working group is convened by DCITA, and ACMA has certain specified roles in that, I would be more comfortable with questions of that kind going to the department, if that is all right, Senator.

Senator CONROY—No, it is not. Have you or the 3G working group discussed Telstra's advertising your CDMA switch-off with the company?

Mr Tanner—We have not. As I said, I would rather refer the 3G working group questions to the department unless they bear on ACMA's role with that.

Mr Chapman—It would be fair to say that, with respect to ACMA, we have not.

Mr Tanner—Yes. Certainly with respect to ACMA we have not. I should make quite clear that ACMA has specified roles in relation to quality of coverage and also coverage. That is the particular area of accountability that ACMA brings into the working group.

Senator CONROY—I appreciate Mr Chapman saying that ACMA have not had a conversation. Has the 3G working group, which you are on?

Mr Tanner—Yes.

Senator CONROY—I presume you attend the meetings, Mr Tanner?

Mr Tanner—I do, yes.

Senator CONROY—You do not, Mr Chapman. Has the 3G working group had a discussion about the Telstra advertising?

Mr Tanner—Not to my knowledge.

Senator CONROY—Minister, the Telstra advertising states emphatically that the CDMA network is going to be turned off on 1 January. Are you comfortable with them advertising

that at the moment given that it is still a matter for some technical consideration, never mind potential political consideration?

Senator Coonan—Subject to advice I get from the department—and of course this working group is working with Telstra's cooperation—I do think this matter should be raised with Telstra and I will be raising it directly with Telstra. In fact, I intend to have a letter written to Telstra saying that, given that some of these matters may not be happening in the time frame that Telstra expected—or, indeed, that the working group expected—we may need to revisit the switch-off date and claims made about it. That may be a premature view but it is appropriate that I raise it with Telstra and I am. In fact, I had instructed the department to prepare a letter.

Senator CONROY—Have you signed the letter?

Senator Coonan—It has not been done but it will be done.

Mr Tanner—I should also add that my recollection is that Telstra would not be able to decommission the network before the end of January because of existing contractual arrangements with resellers of its capacity. So that 1 January date would not be correct anyway.

Senator CONROY—What does the advertisement say?

Mr Tanner—I am sorry, I do not know what the advertisement says.

Senator CONROY—I do not want to verbal Telstra. I just do not have a copy in front of me.

Senator Coonan—It may be premature but it is a reasonable concern and we need to make sure that there is equivalent or better coverage, because that is the assurance I was given. I want to give Telstra an opportunity to make sure they can do this on a voluntary basis. There is always the capacity to make licence conditions. I do not think that I need to go there but I do think it is timely just to raise with Telstra how they are going and the advertising in respect of it.

Senator CONROY—I have received a number of complaints from constituents who have upgraded from CDMA to 3G and are experiencing coverage problems. One issue that has been particularly annoying to these affected residents is that, often when they call Telstra to complain about coverage, they are told that according to Telstra's coverage maps they already have coverage. I have got an example of this from *The Canberra Times* Consumer Voice column from 21 May. The column told the story of a Sutton resident who contacted Telstra to complain about 3G coverage in the area, only to be told by Telstra:

Our coverage maps show there is good Next G network coverage in Sutton including, for voice, picture, TV, video and broadband.

However, when this resident continued to complain, Telstra subsequently sent network technicians to the area who confirmed that the network coverage was inadequate. I have heard similar stories to this directly myself. Given this discrepancy between Telstra's coverage maps and actual coverage, what measures does the audit have in place to ensure that the actual coverage of 3G networks mirrors that of the CDMA network?

Mr Tanner—Our audit is looking at both actual coverage and the accuracy of the maps so it is possible for us to draw conclusions on the basis of our sample. As I said, it is a large and representative sample. I should add that a small number of complaints about performance have come through to ACMA as well, but our policy is to refer those to Telstra, which as your question shows, is putting a fair bit of effort into addressing people's complaints. So that is where we are directing people with those problems.

Senator CONROY—Has ACMA or the minister received any feedback from industry regarding the rigor of the methodology being used in this coverage audit and, if so, what was the nature of the feedback?

Mr Tanner—The methodology has been extensively canvassed—I should say this was largely before my time on the committee—inside the coverage subgroup of the working group, and all views were taken account of. I am not aware that there is any questioning now of the rigor of the methodology within the working group and I am not aware of criticisms of the rigor from outside.

Senator CONROY—It has been suggested to me that there is an east coast bias to the areas being tested for 3G coverage.

Mr Tanner—In essence, the approach taken is not to measure every cell in Australia, which would cost several million dollars; it is to look at a representative sample having regard to variables such as terrain, type of vegetation, climate and so on, which actually affect coverage. Because it is a truck-based sample, yes, the route is largely in the eastern half—or it may be entirely in the eastern half—of Australia. It is a secret route. We do not want Telstra to know precisely what we are following.

Senator CONROY—That keeps them honest. That is a colloquial term. I was not suggesting criminal behaviour.

Mr Tanner—Yes. As it is a sample-based approach, I guess we are open to that accusation that there is an east coast bias. My response would be that the sample is representative, therefore the conclusions that we have drawn are sound for other parts of the country.

Senator CONROY—How could it be representative if it was entirely east coast based?

Senator WEBBER—I am from Western Australia. How can we be sure that the sample is representative of the specific terrain that we have in WA?

Senator CONROY—I am sure you have covered Senator Nash's house, but what about the west?

Senator WEBBER—So is Senator Eggleston, so I am sure that we have the same concerns.

Mr Tanner—I am advised that there is a representative sample of terrain types to the extent that they affect propagation and coverage. That is my engineering advice.

Senator NASH—Is there any testing being done in Western Australia?

Mr Tanner—No.

Senator WEBBER—I would like to place on the record that I have serious concerns.

Senator NASH—Can I just follow that up with: why not?

Mr Tanner—Because we have taken the approach of looking at a representative sample. If you take a representative sample—this is representative of types of terrain and other variables that affect coverage—it would not matter from a scientific point of view whether you did it all in Queensland provided it was representative and provided there were not types of cells whose performance you could not model or predict the existence of in Western Australia. My engineering advice is that you can do that.

Senator WEBBER—Your engineering advice guarantees that every type of cell that we have in Western Australia can be found in Queensland? There is nothing unique about the conditions in Western Australia.

Mr Tanner—We have not done this entirely in Queensland. I was using that as an example.

Senator WEBBER—I know, but that is the most logical place to claim it represents Western Australia.

Mr Tanner—We have done it in four states.

Ms Scott—We have within the department given consideration to whether we need to do additional testing at some stage. We have effectively reserved the right, if necessary, to ask that additional tests be done. We have held that in reserve.

Senator CONROY—How big are the trucks?

Mr Tanner—I could not tell you. As a matter of fact, I have not seen the truck.

Senator CONROY—You have not seen the truck?

Mr Tanner—I do not know that it is that large.

Senator CONROY—There has been some criticism that there is a lack of testing of coverage in off-highway areas. In other words, the truck is really sticking to the highways. Are you aware that the truck has left the highway at any stage? Probably an easy question would be: has it left Highway 1.

Mr Tanner—I am not sure of the exact details of the route. It is a very large route and I would say that it has gone along some pretty empty back roads, but I could not honestly tell you how minor a road.

Senator CONROY—Is it off the highway?

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

Senator CONROY—It has been suggested to me that the routes are basically around major highways rather than covering the vast expanse of our country.

Mr Tanner—The important thing to note is that we have included in our sample a number of the cells that are configured to deal with the largest and most sparsely settled areas. Sometimes these are called ‘boomer cells’. We have certainly taken these into account. I am not sure why it would matter whether you approached the cell and measured coverage along the highway or whether you approached by a dirt road off to the side. I am not sure that that is going to be material to the conclusions you draw about the accuracy of the map or the coverage.

Senator CONROY—It is just that highways do not go everywhere.

Mr Tanner—That is true but this is a sample. We have taken a sample. We have not driven around every cell.

Senator CONROY—You took it upon yourself to use a representative sample which included only the east coast and none of Western Australia, so forgive me if I am a little sceptical of your definition of a sample of highways versus off-roads. On your definition, you could have done a representative sample that never left Highway 1.

Mr Tanner—I may want to change this answer after discussion with my engineers, but my understanding is that the method of measuring a cell consists of basically approaching the boundary and measuring when we are able to make a call and at what point we are able to hold a call. We would then pass through the cell and measure to the other side. Once again we are sampling the cell. We are not purporting to go all over the cell. This audit was done in approximately eight days. It was not something where you would do anything other than sample the performance of the cell.

Senator CONROY—Eight days to cover the country representatively?

Mr Tanner—Eight days to look at a representative and large sample of the cells that Telstra is using, with something of a bias towards rural and regional areas that are most dependent on the CDMA and 3G service.

Senator CONROY—Without leaving the east coast?

Mr Tanner—No. We certainly went a long way inland. In fact we included South Australia in the route.

Senator CONROY—Nowhere in WA?

Mr Tanner—No.

Senator CONROY—Did we just nip into South Australia?

Mr Tanner—I understand it was four states.

Senator CONROY—Tasmania?

Mr Tanner—I am not privy to the exact details because it is a secret.

Senator CONROY—Did you cover Tasmania?

Mr Tanner—No.

Senator CONROY—You left Tasmania off as well.

Mr Tanner—I think I have made clear the process that has been taken.

Senator CONROY—Don't tell the President of the Senate. He has a jail, you know.

Mr Tanner—I have given you all the information I can about that and you can form your own opinion.

Senator CONROY—We have covered New South Wales, Queensland, South Australia—

Mr Tanner—And Victoria.

Senator CONROY—No Tasmania, Northern Territory or Western Australia?

Mr Tanner—That is correct.

Senator CONROY—And obviously the ACT?

Mr Tanner—Yes.

Senator CONROY—I appreciate you made the point that you did not send the crew along the route that you tendered for—a wise precaution.

Mr Tanner—That is right.

Senator CONROY—Are the areas to be tested in the CDMA, or the proposed 3G tests—whenever you get around to them—to be made known to Telstra before the audit?

Mr Tanner—No.

Senator CONROY—Was Telstra aware of what days the test was taking place?

Mr Tanner—They were probably aware in general terms, but I do not believe we gave them any specific information. We certainly gave them no information about where we were on the route as well. I suspect Telstra had a general idea of when we were doing that. Once again, with respect to the 3G tests, they know we will do it soon after they tell us that they are ready for the measurement to occur. But they will not know where we are on any given day. They will not know whether we are backtracking or taking spurs—

Senator CONROY—Do you say, ‘Look, we are out on the road these two weeks’? And that does not identify which day or where you are on an individual day?

Mr Tanner—I think in general terms they would know when we were likely to do the audit. They would know we would be doing it over December-January, for example, but that is all they would have known.

Senator CONROY—Is ACMA aware of allegations that Telstra allowed its CDMA coverage to be degraded before the base audit took place, to set a lower benchmark?

Mr Tanner—I am not aware of those allegations.

Senator CONROY—Would they be of concern if they were accurate?

Mr Tanner—Yes.

Senator CONROY—Turn the switch—

Mr Tanner—Obviously they would be, yes.

Senator CONROY—Did the company that won this audit, I think it was—

Mr Tanner—Zamro International.

Senator CONROY—Did Zamro International propose any further measures to ACMA or the minister to alleviate any concerns regarding the rigour of the coverage audit?

Mr Tanner—Not to my knowledge. I might take that on notice.

Senator CONROY—And, if they proposed any changes or additions, could you tell us what they were, and were the proposals acted on and, if not, why not?

Mr Tanner—Yes.

Senator CONROY—What happens if the 3G network fails the audit process? Will there be another audit held or will Telstra merely be directed to improve the identified problem areas?

Mr Tanner—I think that is a question for the government in the first instance.

Senator CONROY—Minister?

Senator Coonan—Sorry, what was the question?

Senator CONROY—I was just asking: if the 3G network audit fails, what happens next? Will there be another audit or will Telstra merely be directed to improve the identified problem areas? Will they not be allowed to switch off? What—

Senator Coonan—I think it would depend very much on the nature of the report and the advice that I get following this working group. It is a bit difficult to speculate about what would be an appropriate response. Suffice to say that the government is engaged in ensuring that there is equivalent coverage or better with this new technology which, provided that it works and it is available and it has the characteristics claimed for it, will provide much better and upgraded services. We support that. But it is not to be at the expense of people being disadvantaged who otherwise have a service under CDMA. I would want to look critically at how the audit went and take some advice about the best way to approach it given the broad commitment that the government has made in relation to it.

Senator CONROY—I would like to move from coverage for a moment to the issue of prepaid phone availability. Has the 3G working group discussed the issue of prepaid phone availability?

Mr Tanner—The 3G group met very recently, and there may have been some mention of the recent reporting of this issue. I do not recall, though, that there was a lot of discussion.

Senator CONROY—Did the working group determine anything about Telstra obligations with respect to prepaid availability?

Mr Tanner—Not to my knowledge.

Senator CONROY—Presumably they are not going to be allowed to sell prepaid phones in December, for instance? The network is potentially going to be turned off in—

Mr Tanner—I do not have any information for you on that. The department may have more to say, but I do not recall that much was said—

Senator CONROY—The commitment made by Telstra with respect to CDMA was: ‘The existing CDMA network and Telstra and BigPond wireless broadband services will remain in place until a national 3G service is providing the same or better coverage and services.’ In ACMA’s view, does this statement encompass a commitment to provide the same or better prepaid phone services?

Mr Tanner—It is not something I have turned my mind to.

Senator CONROY—We have waited a long time for Telstra to release its prepaid offerings for 3G. This week, however, Telstra announced the availability of prepaid phones for 3G priced at \$249 and \$299. This is a premium on CDMA prepaid phones in the order of

\$100 to \$149. Does ACMA believe that offering handsets at a premium of \$100 to \$149 to CDMA prices is providing the same or better service?

Mr Tanner—Once again, this is not an issue ACMA has turned its mind to.

Senator CONROY—Minister?

Senator Coonan—I do not think that is something on which I should express an opinion. I think what we need to do is to look at it critically. It has only been available this week. I think 24 May was the—

Senator CONROY—They are charging a premium for handsets, though.

Senator Coonan—Yes. It is a commercial service.

Senator CONROY—People are being told that in January it is going to be turned off; they have got to buy it.

Mr Tanner—Yes.

Senator Coonan—I have already dealt with that. It is a fair point that you have raised. I have dealt with how we are going to deal with that, but Telstra—

Senator CONROY—Even if it was accurate, though, let us say the audit worked fine and they were going to switch off in January, people are being told they have to buy these phones; otherwise it is going to be switched off. And this is for the sake of saying Telstra is correct in its claims about coverage. People are now being charged a premium to get the prepaid phone.

Senator Coonan—It is a commercial service.

Senator CONROY—And the government is not prepared to commit to help people in the transition to the new technology? You are flicking the switch, and now people are going to have pay more.

Senator Coonan—I would just remind you of when you flicked the switch. There was not even a phone when Labor turned off the analog signal. This is going all right. We are keeping a close eye on it, and we need to see the offerings that Telstra makes. It is basically a commercial service, and I am not going to pre-empt what the government may or may not do as the matter progresses. I do think you have raised a fair point about the audit, and I have said how I am dealing with that.

Senator CONROY—The commitment to provide the same coverage is only a commitment for voice, is it not? ACMA is only testing voice, is it not?

Mr Tanner—Yes.

Senator CONROY—It is not testing broadband coverage or—

Mr Tanner—No, the audit is not looking at broadband coverage.

Senator CONROY—It is entirely a voice—

Mr Tanner—Yes.

Senator CONROY—You are not testing to see whether or not people can get 14 meg broadband download?

Mr Tanner—We are not looking at broadband coverage.

Senator CONROY—At all?

Mr Tanner—No.

Senator CONROY—Your remit is purely to ensure that voice equivalence is delivered between CDMA and 3G?

Mr Tanner—That is what our audit will assist the government with determining.

Senator CONROY—Minister, are you concerned that the capacity to deliver broadband over 3G is not being tested?

Senator Coonan—Is it under question? That is the point. What the government said was that we wish to ensure that there is equivalent coverage or better—

Senator CONROY—Of voice?

Senator Coonan—yes—between CDMA and 3G.

Senator CONROY—The government is committing only to guarantee that voice coverage is equivalent?

Senator Coonan—What we are committing to is that the CDMA coverage for 3G will be equivalent to the CDMA or better.

Senator CONROY—Those are all the questions I have for the moment.

CHAIR—We did this in 20-minute blocks yesterday.

Senator CONROY—I have probably had my 30. Perhaps Senator Nash would like to—

CHAIR—What about you though, Senator Wortley?

Senator CONROY—She is probably moving on to another topic.

Senator WORTLEY—It is still with ACMA but on another topic.

CHAIR—Senator Nash?

Senator NASH—You are talking about using a truck arrangement to do the testing at sites, with obviously very specialised equipment. At the same time, are you carrying with you ordinary, normal handsets?

Mr Tanner—What we are actually using is a reference receiver. We have a reference handset, and we have a reference receiver on the exterior of the vehicle. The point really is that the device needs to perform the same for CDMA and 3G. Handsets differ in their performance, so if we—

Senator NASH—But we are going to have different handsets.

Mr Tanner—That is true, and that is going to be a variable in the performance of individuals' coverage. But, if we are to test coverage and Telstra's maps, we need to have a reference receiver that is the same for the two or we are not comparing like with like.

Senator NASH—I understand the testing has to match, but we are trying to figure out—

Mr Tanner—You have—

Senator NASH—Hang on. We are trying to figure out if Mr and Mrs Smith who have got a phone on CDMA at the moment and then swap over will have the same reception. Would it not be sensible just to have an ordinary handset with you as well so you can check both?

Mr Tanner—You have put your finger on a factor that is going to affect the individual experience of coverage of both CDMA and 3G—that is, different handsets do differ somewhat in their performance. Our audit can only shed some light on the issue of same coverage. What we can do is look at and compare like with like: handsets that perform exactly the same way. We can tell the government whether or not the maps are accurate and whether or not coverage is the same or better in our sample. But we are not purporting to draw conclusions about the different performance of different handsets. Just at the moment you are probably not comparing like with like, in that there is only at this stage still quite a small range of handsets available for 3G. You are quite right that that is a variable, but that is outside the scope of the audit that we are currently doing. I should say as well that the audit is unlikely to be the only factor the government examines in drawing conclusions about whether the same or better coverage has been reached, so there is scope inside the working group process to consider these other issues. The working group has taken a lot of interest in handset performance and availability over time. But that is outside the scope of this audit. I guess where you are leading is that we could take a sample of 15 different handsets and be continually trying them, and then we can do 15 different handsets the other way. That is not something that we have purported to do. That is outside the scope of what we are doing.

Senator NASH—Is there anywhere you have tested where you have found service where it may not have been on a Telstra map?

Mr Tanner—I have two comments. Firstly, we have reported confidentially to the government, and really it is with the government as to what they do with the results. But if what you are saying is: is there fortuitous coverage—

Senator NASH—That is exactly what I am saying.

Mr Tanner—Yes, there is fortuitous coverage, and I guess that would be—

Senator NASH—Is that fortuitous coverage being logged?

Mr Tanner—As I say, we are measuring two things. One is the accuracy of the maps. The other is what the coverage actually is on our sample.

Senator NASH—I will try again. Is where the fortuitous coverage is actually being logged?

Mr Tanner—You can draw conclusions about fortuitous coverage, or some conclusions, from those measures, yes.

Senator NASH—Are you coming back and writing down where you have found coverage where it is not on a Telstra map?

Mr Tanner—Yes.

Senator NASH—Thank you.

CHAIR—It is like extracting teeth, but there we are. Senator Macdonald?

Senator IAN MACDONALD—The audit is particularly related to the change of coverage, is it?

Mr Tanner—The audit is intended to shed light on the claim that coverage of the 3G will be the same or better than CDMA. It enables us to draw conclusions about the accuracy, the veracity, of Telstra's maps about what it warrants its coverage is. It also allows us to draw some conclusions about actual coverage of the two networks and to compare.

Senator IAN MACDONALD—Has the audit been completed?

Mr Tanner—The first half of the audit has been completed. We have audited a large sample of the CDMA cells.

Senator IAN MACDONALD—Are the results public?

Mr Tanner—No.

Senator IAN MACDONALD—What is the second half of the audit?

Mr Tanner—That will be when we measure the performance of the equivalent 3G cells.

Senator IAN MACDONALD—Sorry, you—

Mr Tanner—We will measure the performance of the 3G cells, the particular ones that are going to replace the CDMA cells that we have already—

Senator IAN MACDONALD—So the first half is just—

Mr Tanner—We are going to follow the same route, if you like. We are going to look at the same cells.

Senator IAN MACDONALD—The first half is just seeing where the CDMA was?

Mr Tanner—That is right.

Senator IAN MACDONALD—Okay.

Mr Tanner—It is a bit more than that. It is measuring the accuracy of the maps that Telstra warrants for the coverage of CDMA and measuring the actual coverage of the CDMA.

Senator IAN MACDONALD—My own experience of CDMA is that it is not working too badly, but that is not terribly scientific. Perhaps not directly on that topic but on a related topic: are you still doing work on the government's commitment to have full mobile phone coverage all around the major highways of Australia?

Mr Shaw—I think you are referring to a number of contracts that have been put in place through various government programs in the past—

Senator IAN MACDONALD—No, I am not—

Mr Shaw—The providers of services under those contracts do report to ACMA on an ongoing basis as required under those contracts.

Senator IAN MACDONALD—I recall the minister giving instructions years ago, and at the last estimates and the previous estimates, about a commitment the government made I think in 2001 to have mobile phone coverage on all major highways of Australia.

Mr Shaw—I am not aware if there is a commitment to that specificity. I am aware of some contracts that were let under government programs that improved mobile phone coverage on a number of highways across Australia.

Mr Chapman—We have responsibility for the contract management of four contracts in this context, and we would be happy to—

Senator IAN MACDONALD—‘We’ being?

Mr Chapman—The ACMA. That is the beginning and end of our remit in the context of your question. We would be happy to update you on the status of those four contracts, if that is what you would like. As for coverage beyond those four contracts, which is extensively across the highways of Australia—

Senator IAN MACDONALD—Is it not a fact that Vodafone was given the contract to provide service on the highways?

Ms O’Loughlin—There are four finalised contracts, some revolving around Telstra and Vodafone, about delivering mobile phone coverage on highways. And ACMA has responsibility for—

Senator IAN MACDONALD—I heard you say ‘Vodafone’ and—

Ms O’Loughlin—Vodafone and Telstra—

Senator IAN MACDONALD—Telstra are what?

Ms O’Loughlin—They have responsibility under those contracts for delivering service along mobile phones on highways. Those contracts have now been completed.

Senator NASH—Is it digital?

Ms O’Loughlin—Yes.

Senator IAN MACDONALD—Is this something that has happened since last estimates?

Ms O’Loughlin—No. I will just check my notes. These are contracts that have been in place for a quite considerable length of time. I am not quite sure whether they are the contracts you are referring to, or was there—

Senator IAN MACDONALD—You will fool me with the science very easily, and the detail. My concern—and I know the minister’s concern—is the government’s commitment, I think, before the 2001 election to have—

Ms Scott—Maybe the department can help out here. In the 1998 election campaign the government made a commitment that \$25 million would be used to provide 100 per cent continuous mobile coverage on key major national highways. Following the completion of the Mobile Phones on Highways rollout there has been continuation of work going on to ensure that there is coverage on that. There are a small number of gaps, but those gaps are being addressed. After ACMA finishes, we would be happy to answer questions about the Vodafone arrangements and so on, and continuous phone coverage along the 10,000 kilometres of national highways. We could change the personnel at the table, if you wished. We would be happy to take those questions when—

Senator IAN MACDONALD—Thank you. That is very, very helpful, because it just occurred to me that, while ACMA were doing this other testing work, it might have been appropriate to add a supplement to their contract or to their instructions just to clarify once and for all the competing claims that are made about mobile phone coverage on the highways. In terms of the competing claims, you are saying it is done. I am telling you that it is not done. Anyhow, perhaps that is an issue for later. It is not something that ACMA has had any brief to become involved in, I take it.

CHAIR—There is the North West Coastal Highway in Western Australia, the Great Northern Highway from Perth to Port Hedland, Port Hedland I believe and then to Broome, and Broome to Darwin.

Senator WEBBER—Yes.

CHAIR—That is quite a large ‘small omission’.

Senator WEBBER—Absolutely. Yes. This is an issue that will be pursued so perhaps the officials who—

Senator IAN MACDONALD—We will get on to that.

Senator WEBBER—have responsibility for this can take it on notice, so when we get there—

Ms Scott—I am sure they will be brushing up as we go.

Senator WEBBER—There will be at least two of us who have some concerns.

Ms Scott—Thank you, Senator.

Senator IAN MACDONALD—It has been something I have raised in the estimates committee in the last one and a half years. Thank you for that.

Perhaps this has been asked but I am from Queensland obviously and have a bias of interest to that state. CDMA was working very well in parts of north-west Queensland; Karumba/ Burketown is an area that I am familiar with. Have the results of your audit shown on a map where there is decent CDMA coverage?

Mr Tanner—They will have for the areas that we have sampled, but obviously not for the entire country. As I say, we have taken the approach of doing the representative samples so that we can draw conclusions about the accuracy of the map and coverage Australia-wide.

Senator IAN MACDONALD—Okay. I heard you answering Senator Nash about that before. It is going to be difficult to be representative of Burketown and Karumba, which are way up in the Gulf of Carpentaria country and miles from anywhere.

Mr Tanner—They are up near the gulf, are they not? Yes.

Senator IAN MACDONALD—To be representative there you would really have to be physically there, I would have thought.

Mr Tanner—It depends on your use of the word ‘representative’. I should make quite clear that when I am saying ‘representative’ I am talking about representative of the types of terrain and population density and usage patterns that you are likely to find in other parts of

the country. So I am not using that in a political sense. Certainly we have not gone to every electorate in the country or to every state.

Senator IAN MACDONALD—No, I appreciate that but I would have thought that there were some parts of Australia that cannot be represented anywhere else, and I would suggest up in the Channel Country of the gulf and miles from anywhere—

Mr Tanner—But that would really depend on whether there were any geographical or population density characteristics that are so unique that we could not model that from other sites. My advice is that our sample is pretty representative.

Senator IAN MACDONALD—But this would depend on climatic conditions, cyclones, sunspots.

Mr Tanner—Some types of radio frequency propagation are more affected by those things than others. I am advised that, for the purposes of these transmissions, our sample is pretty representative. But certainly you will find when you are talking about different radio frequency applications that things like rainfall may be a variable. That is often the case with some of the satellite bands. As I say, I am relying here on engineering advice. I am not speaking personally as an expert. I am told that we have a representative sample in terms of the factors that really do significantly affect the performance of the cells.

Senator IAN MACDONALD—I appreciate the audit has not been released publicly. Are you familiar with the results? Do you know if the north-west of Queensland has been sampled, or is that beyond the detail you have?

Mr Tanner—I am not privy to the exact route. I do not wish to disclose it either.

Senator IAN MACDONALD—Is it the government's intention to ultimately release details of this audit after it has been considered by government? Do you know, Senator Coonan?

Senator Coonan—I do not have it yet so I would not commit to it now, before I have seen it. But I would say in general terms it would normally be my intention to make it public. I think it is important, and I think it will be an important reference point. But I just want to reserve my position to see it first.

Senator IAN MACDONALD—I appreciate that.

Senator WEBBER—I am sorry to interrupt you, Senator Macdonald. Just going back to his questions about north-west Queensland, I presume it would have to be part of the sample if you are saying it is representative of all the different terrain and issues in Australia, because it is as close as you are going to get to Western Australia as anywhere else. So I presume it would have to be in there. If not, you have a third of the country that is not being represented.

Mr Tanner—I actually do not agree with that contention. I may need to take this on notice to provide a little bit more information about what I mean by 'representative'. What I would like to be able to do is identify to the senators what we think the significant variables are in terms of terrain type and population density that affect the cell performance of this type of application. I think if you can give me a bit of room to get some advice from my engineers on that, that might help inform. It does not necessarily follow that the Gulf Country is a unique

area or that the gulf country has the same propagation characteristics as remote Western Australia but nowhere else. I do not accept that premise.

Senator WEBBER—The Gulf Country has a lot of the same issues as the Kimberley, for example. So I would presume—

Mr Tanner—It does have a lot of the same issues but they may not be issues that are relevant to the coverage of cells of Next Gen CDMA. That is the point I am making.

Senator WEBBER—I come from a state where CDMA does not have complete coverage anyway, so excuse me if I am a little anxious and then I discover my entire state is not part of the sampling. I register a little concern, and this is no reflection on the minister. She is doing what she can to ensure that there is coverage. I am just a bit anxious about the process.

Mr Tanner—I do understand your anxiety and I am very keen that senators understand what we mean when we say ‘a representative sample’ so that you have some sense of our bona fides and you can draw your own conclusions.

CHAIR—To what extent is the coverage affected by climatic changes, atmospheric temperatures?

Mr Tanner—I do not think temperature is a major variable. I think it is type of terrain and vegetation, though that may to some extent be a variable. But if you will allow me to take that on notice, that is the kind of detail on which I would like to be able to put you in contact with our engineering advice directly rather than hear it through a law graduate.

CHAIR—If it is a factor you would obviously need to test these devices everywhere from Tasmania to the Snowy Mountains to the Kimberley.

Mr Tanner—Exactly.

CHAIR—To coastal Queensland and inland Australia.

Mr Tanner—Which ones you would have to sample would critically depend on the most relevant factors.

CHAIR—You do not appear to have done that.

Mr Tanner—If very high rainfall was a relevant factor, you would have to go to the monsoon country but I have not heard that it is in this case. It would be for some other radio frequency propagation parts of the band, but I understand that is not the case for this one. But if you will allow me to take that question away, I would like to come back to the Senate with a bit more information on the criteria for ‘representative’.

CHAIR—Temperature and client I would be interested in.

Mr Tanner—Yes. I understand the question.

CHAIR—Thank you. Where are we going to? Senator Wortley? Senator Nash, are you finished?

Senator NASH—On the audit I think so. Yes, thanks.

Senator WORTLEY—I am moving on to a new subject area which is the Do Not Call Register.

CHAIR—Before we move to that are there any other questions? No?

Senator WEBBER—Not on that audit.

CHAIR—I think Senator Fielding wanted to be here for that, as well. He is coming back about 10 o'clock, I think.

Senator WORTLEY—I am sure I will take it through to 10 o'clock and well beyond.

CHAIR—Please proceed, Senator Wortley?

Senator WORTLEY—How much has ACMA spent in establishing the Do Not Call Register for the 3 May launch?

Ms O'Loughlin—I do not have the expenditure to date with me at the moment but I can take that on notice. The original budget for the Do Not Call Register was \$33.1 million over four years. That covered expenditure by ACMA and by DCITA in the establishment of the register and the ongoing management and administration of the register. In taking the project forward since last year, we have made some savings on that amount and we have in the budget provided up to \$4.3 million of savings in this financial year. That is as a result of lower than expected costs on the establishment of the register by May this year.

Senator WORTLEY—It would not be too difficult to make a phone call and get the figures that have been spent to date?

Ms O'Loughlin—Yes, we could probably do that in the break.

Senator WORTLEY—Thank you. Before the launch of the Do Not Call Register the minister said, and I will just read from a media release of 1 February this year:

Based on overseas experience, we expect there will be a high level of demand for the Register. As many as one million numbers could be registered in the first week alone. It is therefore imperative that a robust Register is developed.

So it would be fair to say that you knew there was going to be high demand and that was going to be an issue and a system that could cope was a high priority?

Ms O'Loughlin—Yes.

Senator WORTLEY—Service Stream Solutions was the successful tenderer on the basis, and I quote again from the minister's media release of 1 February, that it 'has the resources, technical skills and experience to operate the register and its bid was assessed as being good value for money'.

Ms O'Loughlin—Yes.

Senator WORTLEY—Was the contract for \$12.1 million over four years with an additional three-year option?

Ms O'Loughlin—From memory, no. We wanted to keep some flexibility at the end of that contract, but I would have to check the detail on that.

Senator WORTLEY—And you could get back after the break?

Ms O'Loughlin—Yes, we could.

Senator WORTLEY—What were the technical specifications of the contract?

Ms O'Loughlin—There are quite extensive technical specifications of the contract. Was there a particular issue that you were looking at? There was a broad range of technical specifications. It was a mixture of both what were the expectations of the IT build but also what were the expectations of other services to be provided by Service Stream such as the telephone registration system. So there is a broad range of technical specifications.

Senator WORTLEY—How many registrations was the system intended to handle?

Ms O'Loughlin—The system is intended to handle up to 20 million.

Senator WORTLEY—How many registrations had the Do Not Call Register received when it first crashed on 3 May?

Ms O'Loughlin—I think it is fair to say that the system experienced quite a lot of slowdown during that first day, and it was a bit lumpy. I think it was up to about 170,000 or 180,000 when it did slow down. It was an issue with some of the security that we had added into the system which was causing the slowdown on day one. It was resolved by the end of that day and the system is now working extremely well and has more than 800,000 registrations.

Senator WORTLEY—How many people were unable to register due to shortcomings of the system on the day?

Ms O'Loughlin—We are not aware that people were unable to. They may have been unable to for a short period of time and we did put some notification out to advise people that things were going slow and to try and get that message out so that people understood where we were at. As I said, there was quite extensive work to resolve the slowdown issues by the end of the day, and, as I said, we are not aware of people having difficulties—they may have had difficulties on that day—and that they were not able to register eventually.

Senator WORTLEY—So there were difficulties on the first day it was launched?

Ms O'Loughlin—Yes, there were, Senator.

Senator WORTLEY—Was the system ready to be launched on 3 May?

Ms O'Loughlin—We were confident that it was ready. We had done quite a lot of load testing prior to the register being launched on that day. I think the difficulty arose where, as I mentioned, we had added in an additional security patch to the register because of some concerns raised by the industry and that was not able to be sufficiently tested during the load testing, which is normally an automated load test. What we added in there was a piece of technology called Capture which means that—sorry, I am getting into too much technical detail—computer-generated registration is not possible, so it is not possible for somebody to try and gain the register by sending hundreds of registrations just by a computer. It requires human action to actually get on the register. That slowed things down on the first day.

Senator WORTLEY—How much of the \$33 million budget was spent on testing the system prior to the 3 May launch?

Ms O'Loughlin—That is a level of detail I do not have with me. We could find that for you.

Senator WORTLEY—Once again during the break?

Ms O'Loughlin—I am not sure I can do it in the break but I can certainly take it on notice.

Senator WORTLEY—How much was spent testing the system. You are not aware what testing was involved at this stage?

Ms O'Loughlin—I certainly know that there was quite significant load testing. I could certainly take the details on notice.

Senator WORTLEY—Do you know what the results of the testing were?

Ms O'Loughlin—The load testing was satisfactory, which was why we went to launch.

Senator WORTLEY—Do you think the launch should have been delayed until the system had been tested, given that on 3 May there were the problems that evolved?

Senator Coonan—She cannot express an opinion.

Senator WEBBER—Can I just go back to the testing. How long was spent on it? You say it was satisfactory. Can you give us a bit more detail? What does 'satisfactory' mean?

Ms O'Loughlin—I would have to take the details on notice. I do not have those with me at the moment. But we were satisfied with the load testing.

Senator WEBBER—Could we have a bit more detail on notice of what exactly that meant and how much time was spent?

Ms O'Loughlin—Certainly—and there was considerable time spent on it.

Senator WORTLEY—Given that the system did crash on the first morning, is ACMA satisfied with the Service Stream Solutions delivery?

Ms O'Loughlin—As I mentioned, there was some slowness on the first day. We now have a register which has more than 800,000 telephones registered on it. We are very satisfied with the performance to date.

Senator WORTLEY—Was there any enforcement action able to be taken under the contract regarding the system's failure?

Ms O'Loughlin—The system was very well corrected by the end of that day.

Senator WORTLEY—Does ACMA have confidence that Service Stream Solutions will effectively manage the register if it cannot successfully manage the registration of individuals on the register?

Ms O'Loughlin—I think Service Stream is managing satisfactorily registrations of individuals on the register. As I mentioned, there was some slowdown on the first day. That was resolved and the register has been operating very effectively since that time.

Senator WORTLEY—How long after you became aware of the problems on the first day was the minister advised?

Ms O'Loughlin—I cannot remember offhand but I think it was reasonably soon after. These problems emerged over the day. It was probably by mid-afternoon that we were very well aware that there was a slowdown in the system.

Senator WORTLEY—So when you say 'fairly soon', how soon—a matter of minutes, hours?

Ms O'Loughlin—I cannot remember off the top of my head.

Senator WORTLEY—Does ACMA believe visually impaired Australians are entitled to access to the Do Not Call Register?

Ms O'Loughlin—Yes.

Senator WORTLEY—Why did the register not comply with the access requirements contained in the Commonwealth's Disability Discrimination Act in that it required the register to enter a series of letters and numbers displayed on the registration page?

Ms O'Loughlin—That is an issue that was brought to our attention on the day of the launch. I think it is fair to say that that was an oversight by ACMA in terms of looking at the capacity of the register on day one to handle registrations by visually-impaired people. What we were doing with the rollout of the register was that we had always intended that there would be a number of ways in which people can register. There are phone registrations, which are available now across Australia. There are applications for registration available in writing, where forms are available from people's post offices, and we also opened up the web registrations earlier than expected. The scheme itself does not come into effect until the end of this month.

Senator WORTLEY—So what action has been taken to rectify this?

Ms O'Loughlin—It was rectified within the first week of the register being up and running.

Senator WORTLEY—What action was taken?

Ms O'Loughlin—There were two actions taken. Firstly, within four days after the register was opened, we put in place an interim solution so that visually-impaired people could send an email to the register operator and receive a phone call directly back to them to take their registration. Within the week we also had an audio security check put on to the system which allowed visually-impaired people to register directly.

Senator WORTLEY—Was compliance with laws such as these a condition of Service Solutions's contract?

Ms O'Loughlin—There is a broad range of compliance measures in the contract.

Senator WORTLEY—Was this one of them?

Ms O'Loughlin—I would have to take that on notice.

Senator WORTLEY—Yes. You can take that on notice.

Senator WEBBER—Yes. It is an important piece of Commonwealth Government legislation.

Ms O'Loughlin—Yes.

Senator WORTLEY—Can all states now register by phone or internet?

Ms O'Loughlin—Yes, they can.

Senator WORTLEY—Victoria and Tasmania can now, too?

Ms O'Loughlin—Yes.

Senator WORTLEY—When did that come into effect?

Ms O'Loughlin—On the 22nd.

Senator WORTLEY—How many telemarketers have paid the washing fee to ACMA to access the register?

Ms O'Loughlin—The washing service does not become available until 25 May so there are no payments due at this stage.

Senator WORTLEY—Will they pay after?

Ms O'Loughlin—They will pay after.

Senator WORTLEY—Do you know how many are going to be paying that fee? Have you any idea of that?

Ms O'Loughlin—No.

Senator WORTLEY—They do not have to register until the 25th?

Ms O'Loughlin—No. We certainly did quite a lot of modelling in the development of the access fees determination that we were responsible for. That is how many telemarketers would access the register at various fee rates.

Senator WEBBER—Given some of the other issues that we have had with the start of the register, are we absolutely confident that if they do all register in a hurry and they want their list washed in a hurry the system will cope with that?

Ms O'Loughlin—Yes. We have been working very hard with the industry over the last few weeks in trialling the washing service and making sure that it fits their purpose. We are confident of that.

Senator WORTLEY—So the system can cope with that?

Ms O'Loughlin—Yes.

Senator WEBBER—How much is the fee?

Ms O'Loughlin—There is a wide variety of fees. It really depends on how many numbers the telemarketer is going to wash through the service. There is an exemption for up to 500 numbers where that is free but there is a wide range of levels of fees.

Senator WEBBER—Is there a schedule that you can table?

Ms O'Loughlin—Certainly.

Senator WORTLEY—Part of the strategy for the rollout was to develop a consumer and industry education program. What has been done in this regard?

Ms O'Loughlin—We have been developing and implementing an information and awareness program for both consumers and industry, which really started to roll out probably October/November last year, but certainly from the beginning of this year we have been making material available to both consumers and to industry about the rollout of the register. Leading up to and following the launch of the register, we have also undertaken newspaper advertisements, getting material to all Australia Post post offices and various material direct to industry to keep them informed of where the register is at and what their responsibilities are.

Senator WORTLEY—How much has been spent on the education program to date?

Ms O'Loughlin—Again, I do not have the exact figures to date but the last time I looked it was just over \$900,000.

Senator WEBBER—On the education campaign, is there more to it than just paid advertising?

Ms O'Loughlin—Certainly. We do an electronic newsletter out to industry. We do fact sheets. You would have seen that there has already been quite a large amount of media around the register itself, which has not been paid. We have mainly focused on print media.

Senator WORTLEY—Is it true that federal Privacy Commissioner Karen Curtis's phone number was given out by a promotional material on the Do Not Call hotline?

Mr Chapman—I am not aware of that.

Ms O'Loughlin—I am aware and it was not on promotional material. It was an incorrect number given out by somebody. I would have to check the details. We were aware of it but it was where the number was inadvertently given out publicly with a misquote of the telephone number.

Senator WORTLEY—It was reported as such in the media. Do you know how this occurred? Have you looked into that?

Ms O'Loughlin—We have looked into it. I just do not have the details with me but I can certainly find that in the break, because we did look into it.

Senator WORTLEY—Thank you. How did the department find out about this mistake?

Mr Chapman—The department or the ACMA?

Senator WORTLEY—ACMA.

Ms O'Loughlin—I think they contacted us.

Senator WORTLEY—How soon was the minister notified about this?

Ms O'Loughlin—I am not aware of the time or date of that.

Senator WORTLEY—Minister?

Senator Coonan—I do not have it in my head, and, I am sorry, I do not have that.

Ms O'Loughlin—As I said, it was given out as a miscommunication. We tried to make sure that we got on to it quickly to resolve it.

Senator WORTLEY—What was done to rectify it?

Mr Chapman—We put our own number out.

Ms O'Loughlin—Yes. We made sure that the number that was the right number was provided to the source where the miscommunication came from.

Senator WORTLEY—How many complaints have been received since the launch on 3 May regarding the Do Not Call Register?

Ms O'Loughlin—Our obligation to look at complaints commences with the commencement of the full scheme, which is 31 May. At this stage we are not taking

complaints, which are complaints under the Do Not Call Register Act, if I can put it that way. We had quite a large range of phone calls in the first few weeks of the register. Those were dealt with fairly effectively. They really were more about understanding where people could register and how they would register. They were not really complaints. They were more inquiries for information.

Senator WORTLEY—How many inquiries for information did you receive?

Ms O’Loughlin—I do not have that detail with me.

Senator WORTLEY—Has that been recorded? Would you have a record of that?

Ms O’Loughlin—I am not sure that I would but I can certainly check for you.

Senator WEBBER—I would like to go back to the public education campaign. You were saying that most of the emphasis has been in print media but most of the print media has not been that favourable. There was a lot of commentary that was not necessarily the most favourable commentary out there, so are you saying that not all of your effort is in paid advertising? I am grappling to find where the rest of the public education campaign—

Ms O’Loughlin—Our efforts in paid advertising are around print media.

Senator WEBBER—Is that where the main public education money is going?

Ms O’Loughlin—Yes, and also online brochures and collateral material. As I mentioned, we have brochures in all post offices and also that takes into account industry education and awareness, as well, around industry information and industry briefings, which we have held over the last month and a half.

Senator WORTLEY—Just going back to the registering of complaints or inquiries regarding access to the Do Not Call Register since 3 May, are you able to provide the nature of what those concerns were, as well, when you provide the figures?

Ms O’Loughlin—I am not sure that I can. I can have a look for you but I am not sure that I would be able to.

Senator WORTLEY—Would that have been part of the process in logging those concerns?

Ms O’Loughlin—As I mentioned, most of the concerns that arose in the first couple of weeks were more people interested to know what was the telephone number and where they could log on. They were not really complaints of the nature of, say, ACMA investigating. I can certainly give you a general sense of the level of interest, the inquiries and what type of inquiries.

Senator WORTLEY—One would have thought that, with the amount of money spent on the education program, how to log on or what number to ring would have been part of that program?

Ms O’Loughlin—Certainly. I think consumers were extremely keen to get on board so a lot of what we were doing in the first few days was providing information which was out there but people may not have accessed directly or seen in the newspapers and they just naturally gave us a call.

Senator WORTLEY—Thank you.

Senator BIRMINGHAM—I understand I missed just hearing the number of registrations and so on that you have had to date, but I gather you have provided that information to the committee and that it has been quite strong. Can you give me any reasons that you think for the strength of the community support for the register?

Ms O'Loughlin—The updated figure at the moment is that it has just gone over 850,000 telephone numbers registered. As I just mentioned, there was very strong awareness in the community that the register was going to be established and there was very strong interest in the register leading up to the launch and following the launch. Can you repeat the end of your question?

Senator BIRMINGHAM—Primarily it was if you were getting any feedback on the reasons behind community support—what is generating such enormous registration levels so quickly?

Ms O'Loughlin—The background leading up to the establishment of the register showed that there was very strong consumer concern about the level of telemarketing calls they were receiving, and the high take-up rates in the first few weeks demonstrates exactly that, that people do want to opt out of receiving telemarketing calls.

Senator BIRMINGHAM—Are you keeping any demographic profiles on the types of people registering, out of interest?

Ms O'Loughlin—We are not collecting demographic information but we do have an information-gathering tool on the site to ask people how many telemarketing calls they received in the couple of weeks before they actually registered so that we can get a sense from that of what people are receiving now but also so we can look at that in the future and see whether that changes.

Senator BIRMINGHAM—On a geographic basis, is there any sort of state breakdown for registrations at this stage?

Ms O'Loughlin—No. We would expect with landlines that one could probably estimate. On the landline, at least, you can break it down by geographic areas, but not by mobile.

Senator BIRMINGHAM—It might be interesting to have a look at that data at some stage. Shifting to the cost of the register and so on, what would have been the cost implications for industry in terms of establishing the register if the government had not stepped in and established this with capital funding; indeed, would industry have met those costs?

Ms O'Loughlin—I am not in a position to speculate on what industry might or might not have done. But the budget provided by the government was \$33.1 million and, obviously, if left to industry it would have been a significant impost, I expect.

Senator BIRMINGHAM—But industry has been cooperating strongly with the register since the early negotiations?

Ms O'Loughlin—We have worked very hard with the industry over the last 12 months. We have been very pleased with their openness with ACMA. They have been very forthright with us about any concerns that they have and we hope that the process that we have gone

through has given them some confidence in the system and has improved the system as it has gone along.

Senator BIRMINGHAM—In terms of funding into the future, are there transition arrangements or plans for industry to play a greater role in the longer term funding of the program?

Ms O'Loughlin—The government's original announcement included the fact that the register would be fully cost recoverable after year 4, and the cost recovery arrangements that we have put in place build up over the next three years and anticipate full cost recovery in year 4.

Senator BIRMINGHAM—So it has obviously been part of the negotiations you have had with industry. And they have been supportive of that phased-in implementation period?

Ms O'Loughlin—They were supportive of the approach that we took with regard to the cost recovery of phasing that in over a period of time to allow them to adjust.

Senator BIRMINGHAM—Thank you.

Senator IAN MACDONALD—Just in relation to Queensland, when did the system start there? Was it the same date as others?

Ms O'Loughlin—The web registration would have been open on the same day. The phone registrations opened up last Sunday.

Senator IAN MACDONALD—What is the response to date? Do you have statistics for that?

Ms O'Loughlin—I do not have a breakdown on that, but I may be able to find on notice the telephone registrations from Queensland for you. I am happy to take that on notice.

Senator IAN MACDONALD—Do you have a feel for the average?

Ms O'Loughlin—I do not have the detail with me.

Senator IAN MACDONALD—All right. If you could do those things for me on notice?

Ms O'Loughlin—Certainly.

Senator IAN MACDONALD—Has anyone else got questions on this area?

CHAIR—I do not think that we do.

Senator IAN MACDONALD—I do not like to go backwards too far, but while ACMA is still here I would like to put a question on notice. I would be very interested to hear where you went that was north of the Tropic of Capricorn, right across Australia, because it does seem from some of the evidence that you have given that this may have been an audit, as many things are in Australia, confined to the south-east of Australia—which many south-east Australians think is Australia, but there are many of us in the north who produce a lot for the country. The north also has quite different climatic conditions that may interfere with some technical areas. So I would be interested if you could tell us on notice if there was any assessment done north of the Tropic of Capricorn, rather than just relying on your representative surveys elsewhere to extrapolate to the north?

Mr Tanner—I will take that together with the issues I have already taken on notice, which are to try and give a more detailed account of what we mean by ‘representative’ and what we think the variables that affect coverage are that have led to our choice of representative areas.

Senator IAN MACDONALD—Thank you.

CHAIR—Are there any further questions on ACMA?

Senator WEBBER—We have got lots, but I am conscious of time.

CHAIR—Senator Fielding wants to ask about filters. I am not sure that is under ACMA. I think that comes back to the department.

Senator FIELDING—It is following on from last night.

CHAIR—So, it is ACMA for you.

Senator WORTLEY—I would like to move on to the digital switch-over. ACMA stated at Senate estimates in February that it was ‘in the final stages of concluding planning for all digital transmitters and repeaters’. Is that planning now complete?

Mr Shaw—At the last estimates we indicated in answer to a question that we were in the process of responding to a request from the minister for information around digital switch-over and that that report would be available in the middle of the year. We are still on track to provide that report to the minister in the middle of the year.

Senator WORTLEY—The middle of the year being June?

Mr Shaw—Yes.

Senator WORTLEY—You are not in a position to give a date today?

Mr Shaw—No, I am afraid not.

Senator WORTLEY—I would like to ask some questions about the option of channel A and channel B. Is ACMA still on target to release the sale or auction document in May 2007?

Mr Chapman—The short answer is no. That has been a complex matter, and I have taken a decision to get it right rather than rush it. There is an outstanding matter or two that we need to resolve in terms of the allocation process. I hope to issue a revised timetable about that as soon as possible.

Senator WORTLEY—Are you able to provide us today with the details of the outstanding matters?

Mr Chapman—No, I am not. It is a matter that is in discussion between the department and us, and it would be inappropriate for me to comment on it because it is a matter that has some potential commercial sensitivity.

Senator WORTLEY—So, if you will not be meeting the May 2007 date, do you have another date that you can put forward?

Mr Chapman—I just indicated that I intend to release a revised timetable as soon as possible.

Senator WORTLEY—Would ‘as soon as possible’ be within a month, two months?

Mr Chapman—Until the ACMA has completed those discussions with the department, it is simply not possible to indicate to you when that timetable would be released. ‘As soon as possible’ indicates that we would like to issue it as soon as possible—because of the obvious role that it will play in the digital take-up in this country.

Senator WORTLEY—Could we expect to receive it in 2007?

Mr Chapman—Yes. I think that is a very fair assessment.

Senator WORTLEY—Can you confirm whether there has been any interest in the purchase of either channel A or channel B?

Mr Chapman—I am not prepared to speculate or comment on that because of the obvious commercial sensitivity that arises around that. There is significant work that has gone into the architecture of the process and it would be, I think, very imprudent of me to make comment on that question.

Senator WORTLEY—The question was whether or not there has been any interest. It was not who has shown the interest. I think that is a fair question to ask.

Mr Chapman—Yes, sorry. I was overreading your question and I apologise. There has been interest in it, and indeed I can indicate that we have been having increasingly active discussion with potential players concerning section 21 applications. That is, in my observation, a trend that is increasing over the last month. If you extrapolate that or interpret that, I see that as a reflection of increasing interest. We indicated consistently that we saw an approach under section 21 with respect to the definition of narrowcasting as an opportunity for potential players to get protection. It is, in effect, a minimum five years certification by the ACMA that that represents a narrowcasting opportunity, and we have seen that in the last month, yes.

Senator WORTLEY—Are there discussions taking place or any plans to make the channels more attractive to prospective purchasers?

Senator Coonan—I do not think it is appropriate for Mr Chapman to be asked to make a value judgement about it.

Senator WORTLEY—A question regarding whether there were plans to make the channels more attractive—

Senator Coonan—More attractive than what?

Senator WORTLEY—Than what the current proposition is.

Senator Coonan—Well, what is more attractive? What do you have in mind as more attractive?

Senator WORTLEY—To the prospective purchasers.

Senator Coonan—But we do not know who they are yet.

Senator WORTLEY—I understand there has been some interest shown.

Senator WEBBER—I guess, to be fair, there has been a lot of fanfare about these channels and we are just trying to get a sense of—

Senator Coonan—I understand that.

Senator WEBBER—what is going on, what is being offered and when it is going to happen.

Senator Coonan—That is perfectly fair. There has been no change from the current, announced policy in relation to A and B, apart from the time frame.

Senator WORTLEY—I understand there is no change. Are there any plans in place.

Senator Coonan—The policy is the policy.

Senator WORTLEY—So it remains exactly as it is and there are no plans in place—

Senator Coonan—I have just given you an answer.

Senator WORTLEY—There are no plans in place?

Senator Coonan—I am not going to tell you about plans. What I am saying is that the policy is the way it is announced.

Senator WORTLEY—Can you rule out that there are plans in place?

Senator Coonan—No, I am not going to rule anything in or out. What I have said is that we are here to answer questions about the policy and that is currently what it is. If you do not think it is attractive, you might like to ask questions about that. But you cannot ask, with great respect, whether it could be more attractive. I mean, what might be attractive to one purchaser might not be attractive to another, for instance. We do not know who they are, anyway.

Senator WORTLEY—ACMA has explained that as channel B was planned for mobile television services there is the potential for it to interfere with television transmission in both Sydney and the Gold Coast. Have these issues been addressed?

Mr Chapman—Mr Tanner, we addressed this at the last Senate estimates. Would you like to just touch on that?

Mr Tanner—It was addressed at the last Senate estimates as well. The point that was made was that, while there was potential for interference to television, ACMA would not tolerate such interference and that was the reason why ACMA in fact has moved publicly since that time to revise the scheduled planning guidelines which govern the installation of new television, including mobile TV transmitters in the broadcasting bands. The point of those changes is to add another brick in the wall that would prevent an operator in Sydney and Brisbane commencing a mobile service in a way that would interfere with television.

Senator WEBBER—On the concept of attractiveness, I appreciate what the minister has had to say, but there has been some commentary about the narrowcasting, about mobile TV and the very narrow use that means it is not that attractive, so I think it is only fair that we get a sense of, therefore, whether you are going to stick to the current thing or whether you are looking at that commentary. Are you looking at therefore taking those comments on board?

Mr Chapman—The ACMA role is a very narrow one. There are policy settings that the government has established and we are working to deliver on those. Beyond that it is a matter for government.

Senator WEBBER—So, for example, the definition of ‘narrowcasting’ that I gather there is some confusion about is a matter for government?

Mr Chapman—We have finalised our narrowcasting guidelines. We have recently issued those. We issued drafts. We took all the feedback on board and we have issued those as final guidelines.

Senator WEBBER—As far as you are concerned, industry is clear about what they are? There is no confusion?

Mr Chapman—No, I do not think I said that. I think I indicated to you that, consistent with our exhortations when we issued those guidelines, it is a new service opportunity and we have increasingly found over the last month in particular heightened dialogue with potential players about section 21 applications, which was what we have encouraged all along. I find that a very encouraging trend.

Senator CONROY—You indicated earlier that you are not on target to release the sale auction document this month. Why is that? I am sorry if I missed that answer. What is the hold-up?

Mr Chapman—I indicated that there was a matter we were in discussion with government about and as soon as we have resolved that we will be releasing a revised timetable as soon as possible.

Senator CONROY—What is it you have to discuss with the government? It is your job to release the sale auction document. You have been put in charge of it.

Mr Chapman—Yes, we are in charge of it. It is a very complex matter.

Senator CONROY—Is there an outstanding policy issue?

Mr Chapman—It is an outstanding policy matter, yes.

Senator CONROY—What is the outstanding policy matter?

Mr Chapman—I am not prepared to comment on what the outstanding policy matter is. We are in discussion with the government about that policy matter and it is not appropriate for me to comment on that whilst we are in that position. It is a matter for government to provide that policy direction and for us to issue the revised timetable off the back of it.

Senator CONROY—Minister, what is the outstanding policy matter?

Senator Coonan—I am getting some advice, and until I have a chance to get some advice I am not in a position to say.

Senator CONROY—You could identify the issue while you are waiting for the advice.

Senator Coonan—I can, but I choose not to. It is not announced policy and I have some matters under consideration.

Senator CONROY—When do you think you will be completing that consideration so that you can advise ACMA?

Senator Coonan—Very shortly.

Senator CONROY—How short is very shortly?

Senator Coonan—I am dependent on getting some advice from the department, so when I have received advice and have had a chance to consider it, I will be doing it. It will probably be reasonably soon after we finish estimates.

Senator CONROY—What a coincidence.

Senator Coonan—That is when I will start looking at it.

Senator CONROY—Once you have given ACMA that advice, will they be able to proceed to release the auction documents?

Senator Coonan—I do not know. I do not yet have the advice from the department that I am waiting on. Once I have had a chance to have a look at it I will be in a position to finalise the policy position.

Senator CONROY—When we last spoke at estimates, Mr Chapman, I think the time frame took us through into about October. Given the delay, is that now going to have to be extended for the actual auction process, do you think?

Mr Chapman—When we release the revised timetable, which we are intending to do as soon as possible, it will accommodate and address the timing over the complete scale of what we are doing.

Senator CONROY—I presume it cannot match. Given that now there is at least a month's delay, you will have to push back the end process by a month.

Mr Chapman—This will sound a cute answer and it is not intended as such, but that does not necessarily follow, for reasons that may or may not become apparent when we release our revised timetable.

Senator CONROY—What was the proposed completion date for the auction?

Mr Chapman—Indicatively it was sort of August for channel A and about November for B. Mr Tanner, I am happy for you to correct me, but I think it was indicatively channel A in August and B in November, October, is that correct?

Mr Tanner—I will just check if I have any advance on that.

Mr Chapman—I am not far wrong with that.

Senator CONROY—You still believe that, despite this month's delay—minimum—you can meet those target dates?

Mr Chapman—That is not what I said. I said that it is not inconceivable that we could, but that will be addressed in the revised timetable.

Senator CONROY—Which part of the process will you be shortening?

Mr Chapman—I am not prepared to comment on that.

Senator CONROY—I am not asking about any policy, conflict or discussion; I am asking about—

Mr Chapman—The response on the policy impacts the timetable and there may or may not be slippage in the timetable, depending on the government's policy response.

Senator CONROY—Last time we were talking about it we talked about the fact that August, September, October, November is the most likely period for the election campaign. Would you be committed to running these auctions through the middle of the election campaign?

Mr Chapman—We did discuss that last time and we acknowledged that there was a caretaker consideration that may or may not play, depending on the revised timetable. We are aware of that and we will be seeking to address that when we release the revised timetable.

Senator CONROY—Do you think that election time is an optimal time to run an auction for some important government assets? Is that going to optimise the—

Mr Chapman—We would take all those matters into account at the time.

Senator CONROY—I am not trying to put words in your mouth so I am happy to be corrected, but I thought last time you indicated that you might have to postpone because of the election campaign—particularly B, given that that would actually be right through the middle of the campaign. Is that still your view?

Mr Tanner—I think we might have said that we would have regard to the implications of the caretaker period when that problem arose for any work that we were doing, including the allocation process. I think that was more the tenor, from recollection, of what was said.

Mr Cheah—I am one of the full-time members of ACMA. I think I was the one who made that comment.

Senator CONROY—I know who you are, Mr Cheah.

Mr Cheah—I think I said that we would take advice on the operation of the caretaker conventions, obviously, if we were conducting an auction during an election period.

Senator CONROY—It is possible for the process to have commenced before the election is called.

Mr Tanner—Yes.

Senator CONROY—I do not think it matters about the caretaker provisions then. It is only when there is signing off. Your legal advice may be different to that.

Mr Cheah—If there were any issue about caretaker conventions, I am sure we will take advice about that.

Senator CONROY—During an election there is usually a bit of a pause in most businesses. There is a little lessening in business activity due to the uncertainty created by the lead-up to an election campaign and the actual campaign. The question I am asking you is: do you think you are going to get an optimal return conducting—

Senator IAN MACDONALD—If a company had to borrow to buy in and they thought they were going to have to be paying a 22 per cent interest rate they might be very cautious about what they bid.

Senator Coonan—Do you think it might be a confidence matter, do you, Senator Macdonald?

Senator IAN MACDONALD—I am sure it will be.

Senator Coonan—Senator Conroy, as you would expect, the government will be honourable about what might be an appropriate thing. Insofar as it is a matter for us, of course we will observe the convention. But let us just see what the revised timetable does.

Senator CONROY—I am not actually questioning the issue around the caretaker period; I am not suggesting for a moment that either you or ACMA would decide half way through an election campaign to start this. My concern is actually about maximising the outcome.

Senator Coonan—It is a point.

Senator CONROY—Few people would suggest that the best time to be trying to engage in something as important as this is during the middle of an election campaign.

Senator Coonan—Let us take that on board and let us see how we go with the revised timetable.

Senator CONROY—Has ACMA decided whether competition limits will apply to the sale of channel A and channel B? For example, could one bidder buy both channels, or is that a policy question?

Mr Chapman—They are all matters that will be addressed in the sales documentation when they are released.

Senator CONROY—Is that a policy question or is that an ACMA decision?

Mr Chapman—It will be an ACMA decision.

Mr Tanner—It is a ministerial decision, in fact.

Senator Coonan—The policy decision has already been taken.

Senator CONROY—Is it a policy decision or an ACMA decision?

Senator Coonan—The policy that is announced says that certain people cannot bid for certain of the licences, and the channel B platform is an open platform, so obviously—

Senator CONROY—But there could be competition issues—

Senator Coonan—Yes, that is certainly true.

Senator CONROY—that arise.

Senator Coonan—That is true.

Senator CONROY—One major current media company wanted to bid for both A and B.

Senator Coonan—Yes. And the ACCC obviously will have something to say about that.

Senator CONROY—Are you in consultations with the ACCC on these matters?

Mr Chapman—We are, yes.

Senator CONROY—Budget Paper No. 1 states that the Commonwealth will receive \$8.8 billion from asset sales in 2006-07. Does this sum include proceeds from the sale of channel A and channel B, or are those proceeds in 2007-08?

Mr Chapman—I will ask Ms Carlos to address that.

Ms Carlos—No, it does not.

Senator CONROY—So 2006-07 does not include them?

Ms Carlos—No, the estimates of the revenue are not included in the budget processes for reasons of commercial sensitivity.

Senator CONROY—But you will be setting a reserve price; I am assuming that there will be a reserve price. You are not going to give it away for \$5, are you?

Senator Coonan—That is something that will be addressed in the documents.

Mr Chapman—Yes, it will be addressed in the sales document.

Senator CONROY—Will there be a reserve price?

Mr Chapman—The structure and the price setting is part of the architecture of the allocation process and will be addressed in the sales process.

Mr Tanner—Perhaps I should clarify: yes, there is work already underway in identifying a reserve, and that would be set at an appropriate time during the allocation process.

Senator CONROY—I thought you had previously told me there would be a reserve price. I was wondering why you were running away from that.

Mr Tanner—Work is underway on that. A decision will be taken deeper into the allocation process—once that has commenced. But the work that would inform that decision is already underway.

Senator CONROY—Minister, you are very conscious that there is a lot of interest in this process? Are you keen to kick it off so that ACMA are able to actually issue the documentation and allow the market to start examining the—

Senator Coonan—I can remember scorn being heaped on this process that there would not be anybody interested and nobody would want to bid.

Senator CONROY—So far no one has put up their hand.

Senator Coonan—Indeed, unless my memory does not serve me well—and it usually serves me very well—there was great opposition from you to these, so I am glad to know that you now acknowledge that there is considerable interest in them.

Senator CONROY—I would have to say that I think your memory is failing as usual. I have not actually heard one single company put up its hand and say that they are interested yet—not one for A.

Senator IAN MACDONALD—I thought you just said there was a lot of interest.

Senator CONROY—For B there is, but not for A.

Senator Coonan—You did not make any distinction in your question.

CHAIR—No, he did not. But people's memories might be restored by some tea with sugar in it, so we will break for morning tea.

Proceedings suspended from 10.44 am to 11.07 am

Senator CONROY—In previous estimates you indicated that particularly for channel B there was a potential black-spot problem in Sydney and there was also a potential problem in the number of channels. People often say 30 channels are going to be available on channel B. I think last time you suggested it was perhaps the 20 in the middle that would be more useful. I just wanted to clarify where we are at with those technological issues. Are we still finding black spots in Sydney and how many channels are available? Also, Senator Wortley asked about the Gold Coast and possible black spots. Can you take me through the technical issues.

Mr Tanner—Just to recap, the channel B at present is not always as it was planned for fixed television. A number of the channels around the country are not ideal or perfect for mobile coverage. I guess that raises the issue of there being more black spots with those if used for mobile coverage than with channels that are more optimal.

Senator CONROY—So since we last spoke, you have moved on from identifying problems in Sydney?

Mr Tanner—No, things have not moved on. I am just recap for you. In fact things have not—

Senator CONROY—From your answer you have suggested there is a nationwide issue now.

Mr Tanner—No, the nationwide issue was that there were quite a number of the channels that would have these issues but that for a large number of them—I think it is 40 from memory—

Senator CONROY—If you could just hold on for one moment, Mr Tanner.

Mr Tanner—Approximately 40 of the channels across the country that comprise channel B can be replanned in a way that makes them more optimal for mobile usage.

Senator CONROY—Did you say 14?

Mr Tanner—40. We have built into our proposed procedure, which was canvassed in December last year, an offer we were going to make to replan those frequencies if they were required for mobile. So that was part of the answer. There were channels in a few areas, and one of them was Sydney, where there are going to be black-spot issues, as you put it, because they are not optimised for mobile coverage in all areas. There is not a simple solution to that. So that is the Sydney issue. The issue in the Gold Coast is that while the—

Senator CONROY—Just before you move to the Gold Coast, I want to explore Sydney for a moment. In terms of black spots, does that mean all 40 channels drop out?

Mr Tanner—No. This is where I think you have lost me a little bit. That is a separate issue. I think the number of TV services that are available is an issue about what you do with the data stream. Now there are several different configurations you can run the channel on. You can run it with 30 channels; you can run it with 15 channels. That is a different issue. It is not relevant to the issue of—

Senator CONROY—Okay, so we have got two different issues?

Mr Tanner—Yes.

Senator CONROY—I will deal with black spots. The mobile TV just cuts out completely?

Mr Tanner—The issue is that mobile television has a different network transmission architecture from fixed television. You would probably need more infill transmitters than you would with fixed television. The difficulty that the Sydney channel experiences is that it is quite hard to build additional infill transmitters other than those that are used by fixed television without causing interference to television services on nearby channels. So that, if you like, is your black-spot problem.

Senator CONROY—What is the technological solution?

Mr Tanner—This is a very complicated issue.

Senator CONROY—What is the footprint of the problem? Is it a 10 per cent of the land mass area in Sydney, one per cent or five per cent?

Mr Tanner—No, it is not a question that has got one answer, because it depends. The answer is: it depends. It depends on the configuration that you run the service with.

Senator CONROY—But no configuration has a zero problem?

Mr Tanner—There is no configuration or modulation you can run that just fixes the problem magically, no. The point is not that it is impossible to put in the infills; it is that there will be costs entailed in fixing the interference problems that prevent you from using that channel. Those costs may, at the discretion of a market participant, be prohibitive. That is the issue.

Senator CONROY—So the extra cost of actually making it a universal service within Sydney could be prohibitive?

Mr Tanner—Yes.

Senator CONROY—And that is what market players are saying to you?

Mr Tanner—There are differing views in the market, I think it would be fair to say. There are some market players that believe the problem is overstated and can be managed; there are others that think it is quite significant. Those market players possibly have more information than we do as well because we only do certain types of planning in the government. We do not design mobile telephone networks for a living, which is what a telco does.

Senator CONROY—Sure. That is Sydney. Can I just go back to the configuration question. There has been speculation in the media and you have mentioned the number 40. Most people have talked around 30 channels. What are you selling?

Mr Tanner—No, I think you are confusing two issues again. When I referred to 40, that was television channels around the country and digital channel plans, like channel 35 in Sydney or channel 49 UHF in Bateman's Bay. There are 40 of those that we have said we can replan to optimise more for mobile television. That is a different issue from the number of—

Senator CONROY—How many channels will be available on the mobile TV?

Mr Tanner—That would depend on what standard is used and what modulation and what choices you make.

Senator CONROY—These are important decisions. Your tender documents were meant to be published right now.

Mr Tanner—They are decisions that we would leave to the market. We are not making an assumption about which mobile television standard would be used. When I said options of 15 and 30, I was actually talking about the well-known DVBH standard, which is the best understood standard, although it is not the only one.

Senator CONROY—So you are not going to specify the structure?

Mr Tanner—No. The point of licence B is that it is for the market to decide whether to use it for mobile and, if so, what standard, or whether to use it for fixed. That is the point about licence B.

Mr Chea—And in any event it would not preclude technological change in the future in any event where new technology comes along which often is able to provide a lot more with different kinds of compression technologies. The owner of the channel would be free to innovate.

Senator CONROY—Okay. Let us move up to the Gold Coast. You were going to say the problem on the Gold Coast is different to the problem in Sydney.

Mr Tanner—It is. The problem on the Gold Coast is that the channel proposed for channel B, while it is very good for mobile coverage in the Brisbane area, is also proposed for use in some adjacent areas such as the Gold Coast and there would be what you are calling black-spot issues in those adjacent areas.

Senator CONROY—So they are a similar style of problem to those in Sydney?

Mr Tanner—It is similar to the Sydney issue, but restricted to the areas adjacent to Brisbane rather than within Brisbane.

Senator CONROY—Would that be the Sunshine Coast as well as the Gold Coast, or just the Gold Coast?

Mr Tanner—From memory, I think so, but I would need to check that, if you do not mind.

Senator CONROY—So possibly both the Sunshine Coast and the Gold Coast?

Mr Tanner—I will give you the regions on notice, if that is all right, so I can provide a comprehensive answer.

Senator CONROY—I have been aware of the Sydney one for a while, I have been vaguely aware of the Gold Coast one and possibly the Sunshine Coast. Are there many others?

Mr Tanner—There are some other small ones, but the great majority in other parts of the country are in the 40 for which we say there is a planning solution.

Senator CONROY—So these are the three markets—

Mr Tanner—This information should all be in our December 2006 discussion papers, so I am not telling you anything which—

Senator CONROY—No, I am not suggesting that this is an earth-shattering outcome, I am just trying to clarify if there have been any solutions found to them.

Mr Tanner—The situation is unchanged since last estimates.

Senator CONROY—I am going to move on to a different issue just for a moment. I will come back to that. Thank you for that. What I want to talk about is that, pursuant to the Broadcasting Services Act, ACMA must make available to the public all documentation in relation to licensed area plan, or LAP, reviews. Can ACMA table all documentation related to the last LAP review for Perth?

Mr Tanner—That should be in the public domain. We certainly can.

Senator CONROY—Does ACMA intend to review the spectrum licences provided to the ABC?

Mr Tanner—With the transmitter licences that are used by the ABC in the Perth area, we have not proposed that in the current draft licence area plan, no. Certainly the ABC would not support any change either.

Senator CONROY—Is it correct that ACMA has specified that the ABC may transmit at strengths up to three times the international standard?

Mr Tanner—I do not believe so, but I might have to take that on notice. I am not sure where that is coming from.

Senator CONROY—Well, the suggestions are that there is a Perth transmitter that is transmitting three times the international standard.

Mr Tanner—Which international standard?

Senator CONROY—I can happily come back to you on that one.

Mr Tanner—I will take that on notice.

Senator CONROY—Do that, and we will come back to you shortly. Does ACMA gazette the expiry of all licences in accordance with the Radiocommunications Act?

Mr Tanner—I am sorry; which licences are we talking about? The expiry of spectrum licences?

Senator CONROY—Yes.

Mr Tanner—We are not talking anymore about the broadcasting services bands; we are discussing now—

Senator CONROY—I can give you some licence numbers if you like. I can identify a couple. I am happy for you to take this on notice. Can you tell me when the expiry of licence Nos 1198482 and 1198484—that is, ABC 6WF and ABC 6RN—were gazetted?

Mr Tanner—Certainly. Can I just take that on notice?

Senator CONROY—Are you familiar with the International Telecommunication Union?

Mr Tanner—Yes.

Senator CONROY—They write standards?

Mr Tanner—They are an international body with a role in international coordination of radio communications and telecommunications.

Senator CONROY—Does that mean they are involved in standards?

Mr Tanner—Well, ACMA is involved in several ITU processes. My staff and I are involved in ITU processes around radio communications.

Senator CONROY—So is that a yes?

Mr Tanner—Yes.

Senator CONROY—Do they help draft standards? You are involved in an intricate process, I presume?

Mr Cheah—I might help a little bit there. The ITU have a telecommunications division and a radio communications division. Yes, they have broad standards-making or designing processes. They tend to involve industry as well as government. ACMA staff do participate in some, but not all, of the standards-making bodies.

Senator CONROY—I understand you ratify some and are cosignatory to some of those standards.

Mr Cheah—That is correct.

Mr Tanner—Yes.

Senator CONROY—Is anyone who is in the room aware of the issues around the Perth transmitter, Hamersley Towers? Does that ring a bell with anyone?

Mr Tanner—Yes, but there is certainly no ITU connection. Yes, I am responsible. My team is responsible for preparation of licence area plans.

Senator CONROY—The suggestion is that that tower is broadcasting at three times the international standard due to the strength of the signal.

Mr Tanner—I see. I just do not know what standard you mean. I should say we are currently investigating a complaint in connection with that tower.

Senator CONROY—And is the complaint in relation to—

Mr Tanner—It is to do with compliance with the technical planning guidelines under the Broadcasting Services Act.

Senator CONROY—And does that involve a discussion about the strength of the signal?

Mr Tanner—Yes.

Senator CONROY—From a group called RIGHT, Radio Interference Group Hamersley Towers?

Mr Tanner—Yes.

Senator CONROY—So you are actually investigating this at the moment?

Mr Tanner—Yes. They have made a complaint and we are investigating it.

Senator WEBBER—Do you have a time line on when that investigation will be completed?

Mr Tanner—I do not have a time line, no, not at this stage.

Senator WEBBER—You would not like to hazard a guess on when you think that investigation will be completed?

Mr Tanner—It is a significant job of work.

Senator WEBBER—It is a significant issue. I have been involved in the area for a very long time. I think RIGHT's concerns have been going on for at least five or six years.

Senator CONROY—Are you saying there is no standard about the strength of a broadcast signal?

Mr Tanner—I do not know what ITU standard you are referring to—that is what I am saying. I am saying we are investigating whether or not they are complying with a set of rules called the technical planning guidelines under the Broadcasting Services Act which govern a number of aspects of the power of signals.

Senator CONROY—So when you say ‘the power of the signal’ and I say ‘broadcast strength’, would that be two technically very different things? They sound the same to me.

Mr Tanner—We may very well be talking about similar things.

Senator CONROY—Good. You can take on notice those ones that I have mentioned and you can let us know how your investigation goes, and we will follow up at the next estimates to see what progress you have made in amongst all your many other wacky matters, Mr Tanner. In Senate estimates in February this year, Mr Tanner noted in response to questions by Senator Ronaldson that Central Victorian Gospel Radio is operating on a vacant frequency, I think 101.5 FM, in Bendigo under a temporary community broadcasting licence. Can you tell us what the government has done to extend the temporary community broadcasting licence?

Mr Tanner—Yes. I understand that that temporary licence has been extended for a further six months. It was to have expired in May; it has now been extended to I think December, from memory.

Senator IAN MACDONALD—Just talking about the ITU: you will be attending the Asia-Pacific tele convention in Korea in July as a preparatory to the World Radio Conference in Geneva in November this year?

Mr Tanner—Yes.

Senator IAN MACDONALD—Have you as yet determined a policy on the C band, which I understand is likely to be addressed at both of those conferences?

Mr Tanner—No. We are still working up a draft Australian position, and I think that will be informed by the APT meeting you are talking about in July as well.

Senator IAN MACDONALD—Is that a government decision or is it an ACMA decision?

Mr Tanner—It is a government decision. The government would be advised by ACMA in taking that decision because of the technical content, but it is a government decision.

Senator IAN MACDONALD—I wonder if I could just ask the minister for a yes or no. Minister, are you familiar with the discussions about C band at this time?

Senator Coonan—Not in that kind of detail, no.

Senator IAN MACDONALD—I just want to know whether you are available to be lobbied, if you are not—and I do not know what I am lobbying for, mind you.

Senator Coonan—It is always a pleasure to see you, Senator MacDonald.

Senator IAN MACDONALD—And vice versa, minister. My understanding—which is again, as all my understanding of these things is, very, very limited and very, very base—is that the C band has some impact on the usage of satellite spectrums; is that right?

Mr Tanner—C band is used in Australia for satellite, yes.

Senator IAN MACDONALD—And as I understand it there is a push by northern European countries, Japan and Korea to reallocate the C band for new generation mobile telephony, which would then come at the expense of satellite communications. Is that correct?

Mr Tanner—There is a motion under consideration that would see IMT-2000, the new generation mobile telephony and data, as one of the primary uses of C band, along with several other parts of the spectrum. It currently is not. That is what the motion is about.

Senator IAN MACDONALD—That would mean a lesser usage from existing users of that band?

Mr Tanner—It might and it might not. It would depend then on what actually happened. All the international regulations do is set the parameters within which national administrations are supposed to work. National administrations would then decide whether or not they were going to have IMT-2000 as a primary use of those bands in their own countries.

Senator IAN MACDONALD—It has been suggested to me that perhaps low-latitude countries, such as Australian, New Zealand, Indonesia and I believe even China, might be concerned about the impact on their satellite communications if there were more of this C band taken for mobile telephony usage.

Mr Tanner—There is some anxiety in the satellite community about the implications of identification of IMT-2000 for the C band.

Senator IAN MACDONALD—Satellite communication is very important to Australia, is it not? I am assuming it is important to countries with vast distances between communities? No?

Mr Tanner—Of course.

Senator IAN MACDONALD—Yes? Is satellite communication more important to Australia than, say, to Switzerland?

Mr Tanner—I could not say, but certainly it is very important.

Senator IAN MACDONALD—If you were to lessen the ability for satellite usage, what impact would that have on Australian communications, if any?

Mr Tanner—That is an extraordinarily hypothetical question. It is very difficult to know how to begin to address it, to be fair.

Senator IAN MACDONALD—Is that not the sort of thing you would—

Mr Tanner—C band is not the only band that is available to satellite. It has certain characteristics. I understand the argument really relates to the utility of C band and the undesirability of making satellite make greater use of other bands.

Senator IAN MACDONALD—I would assume that Australia's position at these conferences would be dependent upon its economic, social and technical impact on communications in Australia?

Mr Tanner—Absolutely. Australia's position will be primarily informed by the Australian national interests. That is certainly the way our legislation is drafted, anyway. But as I say, it is not in the end ACMA's—

Senator IAN MACDONALD—So you would have to come to a conclusion of what the impact will be on Australian communications if there were to be a reduced ability to use the C band for satellite work?

Mr Tanner—Yes. That would be a relevant consideration to working out where Australia's national interest lay on balance. I do not dispute that.

Senator IAN MACDONALD—This is relative and comes from someone who has very little idea about these things, but would it have a big impact or a little impact—pretty technical stuff—if there were less availability of the C band for satellite, or are you saying you do not know at the moment and that is what you are looking at?

Mr Chapman—At the end of the day there are a number of different considerations that we take into account before we provide our advice to the government. As with all these things, it is a cost-benefit analysis that takes into account a wide range of matters that deal with Australia's public interest, and there are opportunity costs to each and every application. In framing our advice to the government, before the World Radio Conference, we will take those things into account. The points you make are valid—they are very valid—but there are other competing considerations and we are very alive to it. You mentioned a moment ago about lobbying. We are certainly alive to the issues probably for the same reasons. They will ultimately need to be balanced in the way that we have to deal every day with balancing competing interests and vested interests in the public interest. It comes down to an opportunity cost and the way in which you frame the public interest test.

Senator IAN MACDONALD—My interest is very parochial, and I repeat that I very unfairly accuse decision makers in this area of looking after the majority of Australians and not worrying as much perhaps as they should about those of us who live in more remote areas. As I say, that is very unfair and I am sure that is not correct, but history shows this. For instance, the switch-off of the analog telephone system back 10 or 12 years ago was a case in point. It had an enormous impact on the bush. I want to ensure that all of these issues are taken into account. Perhaps on notice if I could say to ACMA or someone: could you let me know what technical and economic evaluations have been done that might justify a change in the C band usage? You can take that on notice; I assume it is not readily available. Can I also inquire, perhaps on notice, what the process will be? July is not far away. My ability to—

Mr Tanner—July is preparatory to a November meeting of the World Radio Conference. That is the key time. In fact, July should assist in settling Australia's position.

Senator IAN MACDONALD—If Australia is going to have any input to the November meeting, they are going to have to go to the July meeting with some sort of view on where the Asia-Pacific region should be heading in Geneva in November.

Mr Tanner—Of course.

Senator IAN MACDONALD—You obviously have a lot of work to do between now and July. I am wondering what the process might be in terms of what oversight parliament might have on the conclusions you come to.

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

Senator IAN MACDONALD—I will briefly go back to the A and B channels that I tried to understand at the Senate inquiry into the new legislation. To recapitulate in summary for me, the A band is for what purpose, and what is the state of it at the present time, if you can give the simple man's response to that?

Mr Tanner—Channel A is for fixed digital television services, open narrowcasting or datacasting services—

Senator IAN MACDONALD—And non-commercial?

Mr Tanner—Open narrowcasting can be commercial but it cannot be a commercial television broadcasting service. It has to be a service whose—

Senator CONROY—What is the difference?

Mr Tanner—I might pass that over to Ms O'Loughlin's half of the organisation, which has been working on the guidelines.

Mr Chapman—Could you repeat the question? I apologise.

Senator CONROY—Mr Tanner was just explaining to Senator Macdonald the definition and I was just asking for the absolute difference between the two items that Mr Tanner had described. I am as interested as Senator Macdonald is in this.

Mr Tanner—When I said open narrowcasting and datacasting would be on licence A but not commercial broadcasting, Senator Macdonald asked me whether that meant you could not have commercial. I said that open narrowcasting can be commercial in nature but it cannot be commercial television broadcasting. That led into a discussion of the difference.

Senator CONROY—What is the difference?

Ms O'Loughlin—We have put a lot of the discussion around these issues in our narrowcasting guidelines, which we have recently released. The difference between these is set out in the Broadcasting Services Act. There is a definition of a commercial broadcasting service and there is a definition of a narrowcasting service. A narrowcasting service must be limited in some way, and the act sets out the ways in which a narrowcasting service could be limited. It is up to ACMA to assess whether a service is a narrowcasting service. Perhaps if I can give you an example—

Senator IAN MACDONALD—You are giving an intelligent answer to an intelligent audience, which I am not. I prefaced my question by asking for the simple answer for simple people, bearing in mind that when you give simple answers you can later be held to account for oversimplifying it. But with the qualification that you will not be held to this, could you try to explain to me what you just said?

Ms O'Loughlin—It might be helpful to perhaps talk about narrowcasting in radio. There is a huge number of narrowcasting radio services provided across Australia that are popular but of limited appeal. It might be that in some areas racing radio is provided through narrowcasting services and in some areas different types of music programming.

Senator IAN MACDONALD—Tourist radio?

Ms O'Loughlin—Tourist radio, yes. So it is those types of things which can be very popular but do not have the overarching characteristics of a true commercial broadcasting service.

Senator IAN MACDONALD—But they can be commercial?

Ms O'Loughlin—Yes.

Senator IAN MACDONALD—Obviously, the—

Ms O'Loughlin—They can be a profitable enterprise.

Senator IAN MACDONALD—And that is what is on the A channel. Did someone say, or was it just Senator Conroy causing mischief, that there have been no bids for the A channel, or would we not know yet?

Mr Tanner—We would not know yet.

Senator CONROY—Can you name any company that has even said that it will contemplate bidding at this stage?

Senator Coonan—That is not appropriate—

Mr Tanner—I am sorry—

CHAIR—Do you wish to make some comment?

Senator Coonan—I do, please, if I may. In my view, that is not something that is fair to companies that have expressed an interest. There is a lot of advantage to remaining anonymous for the time being.

Senator IAN MACDONALD—But without being specific, when Senator Conroy says there has been no interest, you would say that he is wrong—

Senator Coonan—If I were to be specific, just to give you a bit of an idea, I think it would be quite clear who at least one of the—

Senator IAN MACDONALD—I am certainly not trying to identify anyone, but—

Senator Coonan—I do not want to send the process off with the committee being satisfied it has a range of answers as to who might be interested and then there being ultimately commercial implications for—

Senator IAN MACDONALD—No, Senator Conroy is saying that nobody is interested. What I am simply saying is: is he wrong?

Senator Coonan—Yes.

Senator IAN MACDONALD—That is all I want.

Senator CONROY—Has any company said that it can find a business model under the current guidelines that is successful?

Senator Coonan—The same answer applies.

Senator IAN MACDONALD—Can I just go on to the simple man's explanation of the B channel and where that is at?

Mr Tanner—Yes. The B channel is able to be used for a wider range of applications, including mobile television, but it can also be used for fixed digital television as well. It could be used for the same uses as A but, in fact, it is also able to be used for other ones of which the one which has attracted most interest and discussion so far has been mobile television.

Senator IAN MACDONALD—As I recall, in our discussions when we looked at the legislation—and I am really just asking for a confirmation that my simple understanding is right or wrong—one owner will end up with the B channel but there will be conditions requiring that one owner to make parts of the B channel available to others, perhaps even competitors. Is that right or wrong?

Mr Tanner—There will be an access undertaking regime administered by the ACCC in relation to the B channel. That is not the same—

Senator IAN MACDONALD—Will it be one owner?

Mr Tanner—Yes, it will be one owner.

Senator IAN MACDONALD—One entity will buy the channel?

Mr Tanner—Yes.

Senator IAN MACDONALD—You say that that entity then is required to provide access to other broadcasters? ‘Broadcasters’ would be a loose term, would it?

Mr Tanner—Yes.

Senator IAN MACDONALD—Some of whom may be competitors?

Mr Tanner—That is what an access regime, as I understand it, would be about, yes.

Senator IAN MACDONALD—How is it going to be determined who these other access people might be? Would the owner determine that or the ACCC? Will the people who want to use it apply to the owner, the ACCC or you? How is that going to work?

Mr Tanner—The ACCC would consider a proposed access undertaking by the owner.

Senator IAN MACDONALD—The buyer of the channel will give undertakings as to what they would make available and that is part of the tender process, is it?

Mr Tanner—That is interleaved into the allocation process, yes.

Senator IAN MACDONALD—It is interleaved?

Mr Tanner—It is going to happen at the same time as the—

Senator IAN MACDONALD—So you will set the condition?

Senator Coonan—No. It is a condition of somebody being able to bid that they would submit to an access undertaking as to the basis on which they could provide access to the platform.

Senator IAN MACDONALD—Who will determine what is in the undertaking—is it the government or is it the buyer?

Senator Coonan—It is the ACCC which then decides whether or not it accepts the undertaking. It is just like a telecommunications access undertaking in principle.

Senator IAN MACDONALD—So a buyer will say, ‘Look, I am going to make this available to A, B, C and D.’ That will then go to the ACCC and they say, ‘Yeah, that is fair’?

Senator Coonan—No, it is a more general process. You do not nominate who you will make it available to. It is generally available, and you work out your prices and your non-price terms and that is part of—

Senator IAN MACDONALD—The owner will say, ‘I have got A, B, C and D availability.’ I should use ‘1, 2, 3 and 4 availability. If you want to use 4 availability, that will go to these types of people—community radio, say—and it will cost you X dollars’? They will do that for 1, 2, 3 and 4. That will then go to the ACCC, which will say, ‘Yeah, that is fine.’ The owner will then say, ‘Right. I am taking bids for 4 on those conditions’?

Senator Coonan—I am not quite sure that it would work like that, because it normally does not. I think the basic premise is that access will be provided to the platform so it is not capable of being a monopoly platform.

Senator IAN MACDONALD—That is in the conditions—

Senator Coonan—Of the sale.

Senator IAN MACDONALD—of the sale?

Senator Coonan—Of the allocating.

Senator IAN MACDONALD—If I buy this B channel—

Senator Coonan—Yes, you would buy it subject to providing access.

Senator IAN MACDONALD—I will know beforehand broadly what I have got to do and what I have got to offer?

Senator Coonan—Yes.

Senator IAN MACDONALD—And having bought it, I then make it available but the ACCC will double-check and say, ‘That is’—

Senator Coonan—You provide the terms on which you are prepared to do it.

Senator IAN MACDONALD—Thanks very much.

Senator CONROY—Notwithstanding the fact that you have had a document out for some months, popular but limited appeal—

Ms O’Loughlin—Limited in some way.

Senator CONROY—Limited in some way?

Ms O’Loughlin—Yes.

Senator CONROY—That sounds very definitive.

Ms O’Loughlin—I am sorry, I am using the term under the act.

Senator CONROY—What does it mean legally?

Ms O’Loughlin—Perhaps I can ask Mr Bezzi to address that.

Mr Bezzi—The legislation requires that an open narrowcasting service be a service with limited reception. The reception can be limited by being targeted to special interest groups; by

being intended only for limited locations—for example, arenas or business premises; or by being provided during a limited period or to cover a special event, the telecast of a sporting event in a hotel, for example.

Senator CONROY—When you produced your guidelines did you just reprint the act?

Mr Bezzi—No, we did not. We certainly did that in part—

Senator CONROY—I am sure it was included, but I am sure you tried to give some guidance?

Mr Bezzi—We did.

Senator CONROY—There is a pop channel, limited—

Ms O’Loughlin—What we indicated in our guidelines is that it is very difficult to be able to make judgement calls on these things in the hypothetical. There is a provision under the act for potential service providers to come to ACMA to seek a binding opinion under section 21 of the act, where they can tell us the precise details of the service they intend to offer.

Senator CONROY—Have you received any inquiries yet that you have said yes and no to?

Ms O’Loughlin—We have had a number of inquiries.

Senator CONROY—Have you said yes to any of them yet, as in, ‘This would qualify as a narrowcast’?

Ms O’Loughlin—Yes, we have.

Senator CONROY—I am not asking who.

Ms O’Loughlin—I actually cannot say. We made the—

Mr Bezzi—There is a requirement in the legislation that we not publish the details of the opinion until the service commences—

Ms O’Loughlin—And I am not aware that the service has commenced at the moment.

Senator CONROY—So these things are secret?

Mr Bezzi—Until the service commences.

Senator CONROY—We do not get a chance to question the methodology behind until after you have actually done it?

Mr Bezzi—It is a requirement of the legislation.

Ms O’Loughlin—It is a requirement of the law.

Senator CONROY—Could a limited term sporting event qualify?

Ms O’Loughlin—As I said, we would have to look at the full detail of the proposal.

Senator CONROY—I have just given you the full detail of the proposal. What about a limited event? Take the Olympics, just for simplicity. That goes for a fixed period once every four years. That is very limited and—

Senator Coonan—It is on the antisiphoning list.

Senator CONROY—I was just picking a simple and obvious example of a limited-period sporting event. Would that falling into a definition of ‘limited’ in some way appeal?

Ms O’Loughlin—We would have to have more detail than that.

Senator CONROY—What do you not know about the Olympics? It is a big sporting event with lots of people getting together. It is held between certain dates every four weeks.

Ms O’Loughlin—I do know quite a lot about the Olympics, but I do not know whether the service you are going to provide is going to be to a particular geographic area. Is it going to be the whole of Australia? Is it going to be only on for a limited amount of time? Those are the types of issues on which we would have to have the information from the potential service provider.

Senator CONROY—What if I said I was only going to do the equestrian within the Olympics and I am only going to broadcast it to Sydney?

Senator Coonan—These are hypotheticals.

Senator CONROY—I am glad that your guidelines have created certainty for people to be able to bid.

Ms O’Loughlin—We have very clearly said in our guidelines that there is certainty available, which is to come to ACMA for a section 21 opinion under the act so that we can look at all the nuance of what the service provider wants to provide and give them a binding opinion.

Senator CONROY—So is this process completely secret?

Ms O’Loughlin—The provisions under the act are—

Senator CONROY—The process is secret. It is just a factual statement.

Senator Coonan—No.

Ms O’Loughlin—No.

Senator CONROY—After you have approved something; that is not part of the process. That is just, ‘Here is what we have done’ retrospectively.

Senator Coonan—You are arguing with the witnesses. They are telling you that they are complying with the provisions of legislation. They are not secret provisions. They are provisions that enable the development of a business application that fits the criteria under the act. It is not secret.

Senator WEBBER—But we cannot get any understanding of how it will work.

Senator Coonan—You can if—

Senator WEBBER—If we ask you about something that is in the future we get ruled out because it is hypothetical. We use an example in the past and we get all of this. We do not know what you mean. You have to be precise. To me it is therefore secret. I cannot work out what on earth you are doing.

Ms O’Loughlin—With respect to the narrowcasting services, we have obviously done quite extensive work on the radio side over a number of years, and the approach that we are taking with the narrowcasting guidelines is that we do not want to stop innovative services

from coming forward to ACMA for us to have an opinion on. We do not want to judge what the market might want to provide as narrowcasting services on television.

Senator CONROY—Ultimately these are all testable in court, I presume. Just because you say they are okay does not mean they will ultimately be accepted.

Ms O'Loughlin—Yes, they are. That is right.

Mr Bezzi—Can I qualify that? We give a view and for five years we cannot change our mind.

Senator CONROY—But a court can change your mind for you.

Mr Bezzi—It could if there was judicial review of our decision.

Senator CONROY—I am presuming there is judicial review.

Mr Bezzi—Yes, there is.

Senator CONROY—I would have thought that there is no choice but for there to be judicial review.

Mr Bezzi—That is correct.

Senator CONROY—I would like to return to Channel B. Is the delay in releasing the sales documents because you are trying to find a different spectrum for Channel B in the Sydney and Brisbane markets, so as to get around your transmission issues? Is that what the problem is? Are you looking for a different spectrum for Channel B in Sydney and Melbourne?

Mr Chapman—We dealt with that before the break in the sense that there is a matter that is outstanding in discussion, and until that matter is resolved we will not be issuing our revised timetable and it is inappropriate to comment on it.

Senator CONROY—We did not deal with it before the break. You would not answer because it was an ongoing policy matter. What I am now asking is: are you looking for different spectrum for Channel B in Sydney and Brisbane? It is not a policy question, it is a spectrum allocation question.

Mr Chapman—That is a matter upon which I am not prepared to comment.

Senator CONROY—It is not a policy question.

Senator WEBBER—It is not a policy question and it is not a commercial-in-confidence question, so you are required to answer.

Senator CONROY—It is a spectrum question.

CHAIR—It might have commercial implications perhaps.

Senator CONROY—It is just about spectrum.

Senator WEBBER—It is not about who is getting it or what they are going to pay.

Mr Chapman—I have taken advice and the answer is: no, ACMA is not.

Senator CONROY—You are not? Is the issue of 'must carry' on Channel A or B for community television?

Senator Coonan—That is a policy question.

Senator CONROY—I am happy for it to be described as a policy question. Is that one of the issues that is under consideration?

Senator Coonan—That is a policy question. I said earlier—

Senator CONROY—I am just asking whether it is under consideration. That is all.

Senator Coonan—I take all sorts of things into consideration. I am not going to add to my former answer that there are some issues to do with the allocation of Channel B that require some input of a policy nature and I have it under consideration.

Senator CONROY—Are there spectrum issues around Channel B that are still under consideration by ACMA?

Mr Chapman—When you say ‘are there spectrum issues’, could you perhaps clarify what you are asking?

Senator CONROY—I do not know. I am asking whether or not there are other spectrum issues than what I have asked questions about that ACMA is actively considering.

Senator Coonan—You do not need to answer that.

Senator CONROY—You do not answer spectrum questions. It is an ACMA question. They are an independent statutory authority.

Senator Coonan—I can, because it relates to the whole of the allocation of this channel, and I intend for there to be solutions in relation to any issues. But so far as I am concerned, the officers’ answers are perfectly correct. I do not want it to be thought that I do not have under consideration solutions that may be required, and that may require some instruction to ACMA to look at something.

Senator CONROY—I appreciate that.

Senator Coonan—I am just clarifying the different processes or roles.

Senator CONROY—Given that we have no-one who is actually prepared to tell us what those issues of spectrum are, you will understand that it is just a little confusing and difficult to formulate questions when the answers are, ‘We can’t tell you.’

Senator Coonan—I can understand that. Their answers are correct. But what I am trying to add to this process is that I think there are some issues to do with it that will be addressed, and I am addressing them.

Senator CONROY—I appreciate you have found a way to split a hair—not you, Minister—on the way I have asked my question.

CHAIR—You have to understand they are policy issues.

Senator CONROY—I will keep pondering whether I can find a way to sew the hair back together and put another question to you.

Senator Coonan—I will lend you a needle.

Senator CONROY—Thank you. That would be very helpful. I have some questions to do with Crosby Textor. Has ACMA undertaken any services or is considering undertaking any services with Crosby Textor?

Mr Chapman—We will take that on notice.

Senator CONROY—I am guessing the answer is no.

Mr Chapman—Unless my general manager for corporate services corrects me, I will take it on notice, but I think the answer is, no.

Senator CONROY—I have got a detailed breakdown of the question, so I will put that on notice for you to have a look at. I am guessing it would be a 'no'. Is ACMA undertaking any advertising campaigns for any issues?

Mr Chapman—We are always, at any particular time, undertaking communications programs.

Senator CONROY—What are your communications programs at the moment?

Mr Chapman—We will start with those in Ms O'Loughlin's area of responsibility. We touched on the Do Not Call Register communications programs earlier, but we are happy to take that as a starting point.

Ms O'Loughlin—As I mentioned earlier, there is an information and education program running alongside the Do Not Call Register rollout.

Senator CONROY—What does that consist of?

Ms O'Loughlin—That is predominantly print media, advertisements and information—also information brochures, quite a lot of industry information brochures, and material that has gone out to the Australia Post offices where people can actually fill in to nominate for the register in writing. That is the main extent of that program.

Senator CONROY—No TV advertising campaign?

Ms O'Loughlin—No TV.

Senator CONROY—No mail-outs?

Ms O'Loughlin—No.

Senator CONROY—No call centres phoning people to tell them to register with the Do Not Call centre?

Ms O'Loughlin—No. There is a call centre, but of course people ring in.

Senator CONROY—It is for incoming and not outgoing?

Ms O'Loughlin—Yes.

Senator CONROY—How much is the cost of that campaign?

Ms O'Loughlin—As I indicated earlier, the cost to date has been around \$900,000.

Senator CONROY—What is the projected cost?

Ms O'Loughlin—The total projected cost at this stage is around about \$1.5 million or \$1.6 million over four years.

Senator CONROY—Is that with GST or without GST?

Ms O'Loughlin—I do not have that in my notes. I am happy to take that on notice.

Senator CONROY—But \$1.6 million is your calculation at the moment?

Ms O'Loughlin—Yes, over four years, as I said.

Senator CONROY—Will there be any other information campaigns?

Ms O'Loughlin—We generally have a strong education and information program, particularly around things like our internet safety activities. I do not have the figures in front of me, but most of that expenditure in this financial year would be about \$200,000 or \$300,000. I would have to take that on notice.

Senator CONROY—Yes.

Ms O'Loughlin—That is mainly getting information and articles out through our partner groups.

Ms Maddock—I assume you are not referring to information campaigns related to general consultation processes mandated on the—

Senator CONROY—No, advertising government wares. I have a string of questions which I will put on notice for more detailed breakdowns that capture all of those sorts of issues and those that you were mentioning.

Ms O'Loughlin—Yes.

Senator CONROY—They will probably capture those, but they are not ones that are going to gain you any notoriety in that respect. I will put those on notice. I was wanting to get a list—and I am happy for this to be taken on notice—of the unspent funds against the 2006-07 budget, including the 2006-07 additional estimates and bill Nos. 5 and 6 funding requests. I would like that for outcome 1, 1.1, and 1.2 and outcome 2, 2.1 and 2.2. I am happy to detail that in a question on notice.

Senator BIRMINGHAM—I would like to turn to issues regarding the handling of complaints relating to commercial radio codes of practice. Firstly, I understand that the codes of practice are intended to ensure that community standards in commercial broadcasting are reflected. Is that correct?

Ms O'Loughlin—Yes.

Senator BIRMINGHAM—And does ACMA police compliance with those standards?

Ms O'Loughlin—We have a number of roles in the operation of codes. ACMA is responsible for registering those codes in the first instance. As you mentioned, our test is to be satisfied that those codes are going to meet consumer expectations and standards. We then take complaints and investigate complaints against codes.

Senator BIRMINGHAM—When you say 'to be satisfied that they will meet consumer expectations and standards', how do you ensure that the code meets with consumer expectations and standards?

Ms O'Loughlin—We have a number of ways of doing that. Most of the time when the industry sectors undertake a code review they will also go out and consult with the community. We are always very interested to see what issues have come up, how they have dealt with those and how those have been dealt with in any code. We could also, of course, undertake our own research, if we felt that that was needed in that circumstance. We would also, of course, have our own complaints and investigations/findings over the life of the code.

Normally, when the code review is coming up we have some sense of where there has been community concern registered to us through the complaints process.

Senator BIRMINGHAM—I have some background with self-regulatory codes and so on. Whilst this one obviously has an enforcement mechanism, previous ones that I have been involved with have sought to heighten standards. Obviously that is what this achieves, but it also has to balance free speech issues as well. How are they weighed into this? If you are looking at broad community standards, broad community standards may not necessarily match up with what would be considered to be reasonable standards of freedom of speech. People might dislike what they hear, but that does not necessarily mean that they should be prohibited from being heard.

Ms O'Loughlin—I am not quite sure this will answer your question, but when we talk about meeting community standards it is a broad church. It is making sure that it is addressing those types of issues as well and that we are taking into account a very broad community view rather than just a narrow particular view on different elements where there might be great difference of opinion between sectors of the community.

Senator BIRMINGHAM—It might be helpful if we go into specific instances. I would like to look at the complaints against 2GB and, in particular, Mr Alan Jones, and the findings ACMA released on 12 April this year. How many complaints did you receive about Mr Jones with regard to this issue?

Mr Chapman—Four.

Senator BIRMINGHAM—There were four?

Mr Chapman—Yes.

Senator BIRMINGHAM—Were they four distinct complaints? Four does not sound to me like much of a campaign, but I have seen complaints on things in the past where they take the nature of form letters and all the words are identical and a lot of constituent mail reflects that as well. Were they what you would describe as distinct complaints or did they look like they were four fairly similar complaints?

Ms O'Loughlin—We saw them as distinct complaints.

Senator BIRMINGHAM—My understanding is that, when you are handling complaints, you put yourself in the place of an ordinary person—conduct the ordinary person test—in assessing complaints against the code. Is that right?

Ms O'Loughlin—Yes; the ordinary reasonable listener test.

Senator BIRMINGHAM—What is the process that you look at for that? How do you assess what an ordinary or reasonable listener is? Who does that assessment process?

Ms O'Loughlin—That is a test that the authority uses in its thinking about what the complaint is about and its investigation.

Senator BIRMINGHAM—So the complaint is ultimately decided by the board?

Mr Bezzi—That test is used in a particular context in dealing with a particular aspect of code breaches relating to vilification, for example. It is a test that comes from the law of

defamation. It is a test that helps authority members make an assessment about whether or not there has been compliance with the code requirements.

Senator BIRMINGHAM—So, obviously, as the complaints with respect to Mr Jones related to issues of vilification or allegations or vilification, that test would have come into play?

Mr Bezzi—That was the finding, yes, in relation to, I think, two of the eight issues that were dealt with.

Senator BIRMINGHAM—Is it the ACMA board that sits as the ordinary reasonable person? Is that right?

Mr Bezzi—Yes. They make an assessment about whether that test has been complied with.

Senator BIRMINGHAM—In relation to this specific instance, did you consider the demographics of the listening audience for Mr Jones' program? Is there a consideration there? It is coming back to that balancing of free speech issues and so on. Is there a consideration of the robust nature of the talkback radio environment and so on?

Ms O'Loughlin—We certainly did, and I think that is identified in the report of the investigation that we released.

Mr Bezzi—There is quite a detailed discussion about that in the report.

Senator BIRMINGHAM—You obviously found in your opinion that, in the view of a reasonable ordinary listener in that demographic, that is how they would still have interpreted Mr Jones's comments?

Mr Bezzi—Yes, that was the finding. That is a paraphrasing of it, but broadly speaking that was the finding.

Senator BIRMINGHAM—I am surprised. It strikes me that the approach of Mr Jones is more of a law-and-order type approach, and the transcripts of his comments that I have seen highlight that he made negative comments in regard to the types of text messages that were being circulated, but it was not an inciting-type remark. Can you tell me how the ACMA board came to consider that the reasonable ordinary person disagreed?

Mr Bezzi—That is set out very completely in the reasons; they were the reasons of the full authority.

Senator BIRMINGHAM—Do you really think that the baby boomer demographic—the 2GB listeners of Mr Jones—would have interpreted his remarks as inciting violence?

Mr Chapman—Mr Bezzi is not a member of the authority. I chair that authority and I am joined by two other members of the authority. It is an authority of seven. That is the unanimous view that we came to, and the reasons are set out in our reasons for decision. We took all of those matters into account and we applied our own judgement about that assessment. I cannot add any more to what is otherwise very forthrightly and very fully set out in those reasons.

Senator BIRMINGHAM—I accept that. Moving on to how it has been handled since then: how has 2GB responded to the findings of ACMA?

Mr Chapman—We are in formal dialogue with 2GB about the escalated compliance regime that we foreshadowed in our media release at that time, and I do not think that until that is concluded, in fairness to 2GB, it should be vented here. We are in dialogue formally with 2GB about it, and it is best left there.

Senator BIRMINGHAM—I understand that, in a broader sense, but have they already taken steps in response that you are aware of?

Mr Chapman—In response to what?

Senator BIRMINGHAM—In response to your findings or indeed in response perhaps even to complaints, if you go back that far, have they instituted new programs to train their on-air talent and others?

Mr Chapman—As I understand it, they introduced some additional guidelines in calendar 2006, but I am not aware of any additional matters over and above that since our findings, and I assume that will be part of the continuation of the dialogue that I spoke about.

Senator BIRMINGHAM—You indicated that dialogue is ongoing. Does that mean there is some dissatisfaction from ACMA with regard to the responses of 2GB? Is there a reason why it is still ongoing?

Mr Chapman—These things take time and they are best approached sensibly and from a distance. In my experience it is best for some time to pass to allow a more calm, mutual and objective understanding of the circumstances and for decisions to be made in that context. I am not unhappy with the pace of the discussions, if you were suggesting the contrary.

Senator BIRMINGHAM—I was not suggesting the contrary, but I was interested if there was a time line that you saw as a reasonable one—perhaps that a reasonable ordinary person would consider to be a reasonable time line?

Mr Chapman—There is always ultimately a test of reasonableness, and I am not unhappy with where dialogue currently is, and we will monitor that. We would expect to come to a decision and an outcome sooner rather than later, but I am not unhappy with the current status.

Senator BIRMINGHAM—In fairness to Mr Jones and 2GB, I would have thought it would be preferable if these matters could be resolved expeditiously. I would hope that would be the objective of all parties: to reach an agreement as to what measures need to be put in place as a result of the findings.

Mr Chapman—Thank you.

Senator BIRMINGHAM—Looking back to the code more generally, what are the clauses of the code that relate to racial vilification?

Mr Chapman—It is clause 1.3(e).

Senator BIRMINGHAM—Is that consistent with racial vilification laws that have been passed by this parliament or state parliaments?

Mr Chapman—Our reasons for judgement very clearly indicate that there is a material difference in the way in which the industry phrased its code revision under 1.3(e), and probably the provisions you would find in the state or Commonwealth legislation. That is made very explicit in those reasons for decision.

Senator BIRMINGHAM—I take that to mean that it is tougher or it is more restrictive in what is allowed to be broadcast.

Mr Chapman—It is a different test, and again we highlight that in the reasons for decision.

Senator BIRMINGHAM—It is a different test, but would you interpret it to be a tougher test or a more restrictive test? As far as I am aware, Mr Jones and the radio station 2GB have not faced any criminal proceedings under any vilification laws, so I assume it must be a tougher test.

Ms O'Loughlin—It is fair to say that there is difference and it is fair to say that, depending on which state law you are looking at, the code revision may be seen as tighter.

Senator BIRMINGHAM—Do you think there would be any benefit in seeking alignment between the state laws, the Commonwealth laws and—

Ms O'Loughlin—That would be a matter for the industry.

Mr Chapman—It was very clear from our reasons for decision that we saw a material difference in the provisions between 1.3(e) and the Commonwealth and state legislation that we have spoken about. Speaking personally, there would be enormous sense for the industry to consider a stronger alignment with that legislation. For example, the minister very logically made the observation at the time that that would be a sensible thing for the industry to do either in expediting the industry code revision, which is due to start this September, or indeed to make it part of that code revision. That would be a very logical starting point.

Senator BIRMINGHAM—The current code does not make any separate provisions for talkback radio, does it?

Mr Chapman—No, it is format neutral. That is the way we would express it.

Senator BIRMINGHAM—There may be some benefit at least in that revision process for considering whether the format of talkback perhaps is a more robust area of speech—without entering into dangerous territory—than perhaps other mediums or formats.

Mr Chapman—That is an observation that has been made by others. It is a matter for the industry to take on board when they consider their code.

Senator BIRMINGHAM—Thank you.

Senator WORTLEY—Can you advise how the new National Indigenous Television service and community television will have access to digital spectrum so that they can continue broadcasting when the analog signal is switched off? Can you advise what transitional arrangements in respect of access to digital spectrum will be in place during the transition period?

Mr Shaw—I believe this was caught up in the policy consideration around community TV generally.

Senator WORTLEY—Why am I not surprised?

Mr Shaw—If I find otherwise, I will certainly advise you otherwise.

Senator WORTLEY—If you find otherwise, you will take it on notice?

Mr Shaw—If I find other advice, I will certainly let you know. That is my understanding.

Senator WORTLEY—I would like to refer to an answer provided during additional estimates in February on the safety of children in gaming console chat rooms. Just to refresh your memory, the issue was about the unsupervised use in public of children's hand-held computer games that connect with other local wireless networks. The specific concern was that many parents are not aware of the capabilities of the inbuilt mobile chat rooms such as that on Nintendo DS and DS Lite and specifically the possible safety risk for children when the device is used in a public space as other users with similar devices are able to enter the chat rooms uninvited. I welcome ACMA's response to that to increase the awareness. You outlined three actions that are going to be taken. The first one was proposing to Nintendo Australia that it give the safety information in the Nintendo DS instruction guide and on the Nintendo's website a heading that is more likely to attract greater attention than the Nintendo DS and wireless communication privacy questions. The second one was proposing to the Australian Consumers Association that it publish an article in *Choice* regarding the risk to children using chat facilities on game consoles and ways of mitigating these risks. The third one was that contacting the Australian Federal Police's High Tech Crime Centre and online child sexual exploitation team which have experience in dealing with child safety issues related to internet chat rooms, notably in connection with the Virtual Global Taskforce to canvass other appropriate actions. Can you tell us where you are at with that?

Ms O'Loughlin—The first point is that I have recently written to Nintendo along the lines that are outlined in that. I have not received a response as yet, but we will be following it up. I cannot remember the other two. Sorry, I might cross over to Andree Wright, my executive manager in that area.

Ms Wright—We will be meeting shortly with officers from the AFP and the High Tech Crime Centre, as we do on a number of matters, and we intend to raise it at that time. We are also interested in making more visible the particular ways that function is utilised. It must be switched on with the game and then the user has to go into a chat room. They cannot be contacted while they are actually playing a game. We understand that there is a 20 metre radius and that you really need to be in the WiFi hot spot to pick it up. We think that, because it is not automatically switched on and that the information is listed, I think, in the guide that comes with the kit under 'Privacy', the better response would be to have it listed under 'Children's Safety' so that parents can get across an issue which may not be a front-of-mind one. It is not automatically offered, but they need to know in what circumstances it could be switched on if the child is in a public place but not playing the game and that up to, I think, 16 people could have contact. So we want to go through those processes but we also want to be sure that those messages are sent very clearly.

Senator WORTLEY—Some of the constituents that have raised the issue have actually said that it can be up to 35 metres. The issue was that an uninvited user was actually within seeing distance of the child using the game. So that was one point. The second point that I raised was not that the feature exists on the game—I mean, children love it; it is fun for them to play with—the concern was that, as a parent, when you purchase the game you need to actually open the box, take out the information leaflet and then read the reference to that and get on the website. As a number of constituents have raised, these games started years ago so

it is not like they are new game to parents. A lot of parents do not actually open the box. We cannot instruct parents to open the box and read the warning on a website. It is only when they are notified about it. So my concern was parents being aware of the capabilities. I do not know whether or not placing a label or a sticker on the box referring parents specifically to that feature would cover it. That was actually the concern—that parents were not aware of the capabilities and therefore they were not in a position to tell their children not to give their names and addresses to people or not in fact to meet with someone who comes on their chat station and says, ‘Meet me at the rotunda,’ that sort of thing. When a nine-year-old is on that game and someone comes on the chat program and says, ‘Meet me at the rotunda,’ the automatic response from the nine-year-old—and a number of constituents and I have asked kids this question—they think they are talking to another nine-year-old. And there are also the issues of bullying related to that. So if just a warning were placed on the box then parents would know that they actually needed to read the enclosed leaflet or to access the website and then go on. But I do acknowledge the actions that you are taking about as being very positive.

Senator Coonan—You will forgive me; I cannot resist this. Clearly it needs an advertising campaign, does it not, to make parents aware? It does have its role.

Senator CONROY—I have no doubt there will be one on the drawing board.

Senator Coonan—Sorry?

Senator CONROY—The department is looking forward to the prospect of it now, and the prospect of more mail-outs.

CHAIR—Senator Nash in fact does have some questions for ACMA.

Senator NASH—I have a couple of very quick ones back on the audit. When you did the audit when you were testing, did you note the strength of signals in each of the locations?

Mr Tanner—I would have to take it on notice. As I understand the primary purpose was to see if we could make and hold a connection. I expect we did also keep a record of the field strength as well, but I would need to take that on notice to check.

Senator NASH—That would be good, because it would be interesting to see that. If it was a full-strength signal everywhere you tested then I would suggest that you probably missed a whole lot of areas that really did need to be tested. I certainly understand you cannot go to locations or anything like that, but what number of towers did you test and what is the total number of towers in non-metropolitan Australia?

Mr Tanner—It was around 100 cells that we tested in a sample. The number of towers around Australia is in the thousands.

Senator CONROY—Now, I took on notice a question from you before, Mr Tanner.

Senator NASH—Sorry, could I just have the exact number, too, of the thousands, if you would not mind taking that on notice?

Mr Tanner—I am happy to.

CHAIR—So where are we at with ACMA now?

Senator CONROY—We are almost finished. I took on notice a question from you, Mr Tanner, earlier about the standard. I think the standard that has been suggested to me is the

1,000 millivolt per metre in an urban area. Does that sound familiar at all? Does that make any clearer what I am asking you about?

Mr Tanner—It is possible you are asking about the TV planning guidelines. I would have to go back and check, though.

Senator CONROY—Okay. I just wanted an answer to the question on notice. When I asked you before if you were trying to find different spectrum, you said no. What if I asked if you have found an alternate spectrum?

Senator Coonan—What was the question, sorry?

Senator CONROY—Would you say no or would you say yes?

Senator Coonan—I am sorry, I just missed the question.

Senator CONROY—I said when I asked before whether ACMA was trying to find different spectrum you said no.

Senator Coonan—They said no.

Senator CONROY—I am now asking you whether or not you found an alternative spectrum.

Mr Chapman—No.

Senator CONROY—So if I were to suggest that community TV were to move off channel 31, would that provide additional spectrum available to resolve your transmission problems in channel B in Sydney and on the Gold Coast? You know nothing about that whatsoever?

Ms Scott—These are matters of policy.

Senator CONROY—That is not what I asked. You cannot actually mislead a Senate estimates committee for this long.

Senator Coonan—It is a matter for government to decide what to do.

Senator CONROY—That is not what I asked. I did not ask if they were doing anything or if it was a recommendation; I asked whether they knew anything about that.

Senator Coonan—Knew anything? What do you mean by 'knew anything'? Of course we know something about it. I am pretty familiar with it. Yes, I know about it.

Senator CONROY—I am asking ACMA. I am just concerned with ACMA's previous answers. I suspect there was a splitting of the hairs.

Senator Coonan—Of course they know about spectrum.

Senator CONROY—I was not sure about their response to my last questions; that is why I was quite specific about the current questions.

Mr Chapman—I do not think it was a splitting of hairs, with respect. You asked us a question. If there was any change in that it would be a matter of policy for the government.

Senator CONROY—Okay. So the hold-up is that you are considering changing your position on must-carry for channel A to include community TV.

Senator Coonan—No, that is not correct.

Senator CONROY—It is not?

Senator Coonan—I have not confirmed it. I answered that yesterday.

Senator CONROY—No, I said you are considering it.

Senator Coonan—No, I did not see that either. I said I consider a lot of things. I did not confirm what.

Senator CONROY—No. As you have done previously, Minister, will you rule out a must-carry on channel A for community television—and you have ruled it out specifically previously?

Senator Coonan—That is the current policy position. I have said that I am looking at some policy modifications and I am not going to elaborate further.

Senator CONROY—Is it possibly a solution because if the must-carry provision for channel A were to include community television it would resolve the spectrum problems because Channel 31 would be available to be used on Sydney and the Gold Coast to solve the channel B problem?

Senator Coonan—I am not going to speculate about that.

Senator CONROY—Okay, thanks.

CHAIR—Is that it then?

Senator CONROY—Yes.

CHAIR—I thank ACMA for their attendance today. Now we recall the department. So it is Output 3.1 again all together.

[12.30 pm]

Department of Communication, Information Technology and the Arts

Senator NASH—I have some questions around the audit and a whole range of things for the department. I can start.

Ms Scott—Relating to the switchover?

Senator NASH—Yes, relating to the switchover. How is the CDMA Next G working group progressing, just to start somewhere broadly?

Dr Hart—The group has been working very cooperatively through a number of issues which come into the assessment of whether the same or better coverage and services have been achieved. As to the issues that are being worked through, obviously there are coverage issues which ACMA was talking about, but there are also transitional issues related to customer equipment, handsets and car-kit sets. There are also issues related to particular customer groups—for example people who will be dependent on wireless local loop services, people who have telemetry services for activities like remote monitoring and then people who have data services provided by CDMA. So the group has been working through those issues. There is also obviously a lot of interest in what steps Telstra has been taking to increase customer awareness of the switchover and just generally advise customers about the services that will be available. Then there are the related set of activities which relate to the contractual

obligations that Telstra is under with regard to existing mobile phone contracts with the department.

Senator NASH—Just broadly, has the working group looked at the issue of the transition of those who are on CDMA at the moment who are moving across? As I understand it, it is virtually impossible to get a CDMA handset now, yet there is no equivalent or better coverage around the country. So is the working group looking at this position where people may well need, through no fault of their own, a new handset, no CDMA being available and yet the Next G coverage is not working in their area?

Dr Hart—Yes it has. It has been looking at asking Telstra what it is doing to assist customers with that switchover.

Senator NASH—And what is Telstra's response?

Dr Hart—It has made some announcements in relation to prepaid services that are coming on-stream.

Senator NASH—No, not prepaid services coming on-stream, the coverage issue of where CDMA currently works; Next G does not. You cannot get a CDMA phone if you need to replace it, and Next G does not work. Is that being addressed by the working group and has Telstra responded?

Ms Forman—Telstra has actually advised us that, while there are not CDMA handsets or products available in the shops, for customers who are in those specific circumstances where they have had CDMA coverage and perhaps need their handset replaced and do not have a Next G coverage yet, it will in fact provide them with a handset. That has happened on a number of occasions that I know of. There is a strict sort of process that those people need to go through in order for Telstra to determine that they are eligible for that. Naturally they do not want to be encouraging people to be investing in CDMA when it is being phased out.

Senator NASH—So what are the criteria for them to be eligible?

Ms Forman—I do not have that right here, but it is a process of going through and making sure that they in fact do not have Next G coverage. So it would usually be working through with the Telstra area general manager.

Senator NASH—I am sorry to follow this on, but this is becoming quite an issue. So Telstra is not necessarily going to believe someone if they say, 'I have not got the Next G coverage and I want a CDMA phone'?

Ms Forman—Often their perception of coverage can be related to the handset that they are using or the way they are using it.

Senator NASH—There is only one handset at the moment that works properly with the new Next G in a lot of regional areas, so they have not got a lot of choice. They only have one that is going to work properly anyway, so it is not as though they have a choice of handsets.

Ms Forman—A step in the process would be checking what type of handset the person was using.

Senator NASH—Through the working group has Telstra given any indication as to whether it will allow wholesale or roaming access? Is that something that gets discussed?

Ms Forman—That is not a topic of discussion for the working group; that is an issue for the ACCC.

Senator NASH—Is it an issue that is discussed in any other part of the department?

Ms Forman—That is an issue for the ACCC.

Senator NASH—Does the department have no role to play there at all and no awareness whether Telstra will allow wholesale access or roaming on the new mobile network? Is that something the department is aware of?

Dr Badger—We are aware of the issue. Decisions about roaming and access to the network rest with the ACCC. At the moment it has said that it is not mandating roaming, and that is the established position.

Senator NASH—Are you aware of how many customers at the moment are on the mobile networks used in regional Australian that are not Telstra customers?

Dr Badger—We will have to take that on notice. We do not have the numbers with us.

Senator NASH—Do you have a rough ballpark figure perhaps?

Dr Hart—We do have some information on CDMA services relative to Vodafone services, for example. I do not know that we have to hand all of the information, so we will have to take it on notice.

Senator NASH—It would only be CDMA and not digital that I would be interested in. Realistically, for anybody who is currently on the CDMA service regionally, if ACCC does not apply a mandate for roaming, there will only be one provider of mobile services in regional Australia. Is that correct?

Dr Badger—At the moment there would be, but Optus has already announced that it is rolling out a 3G network to, I think, 98 per cent of the population as well.

Senator NASH—But until that happens?

Dr Badger—Until then, there will only be one provider of 3G services with that extensive network across Australia.

Senator NASH—Until another provider comes forward and sets up another mobile network—does the department have any concerns? I suppose it is more of an ACCC issue, but does the department have any concerns about delivering services to consumers if there is only one provider in terms of pricing and services?

Dr Badger—The issue to do with access to services is one that is continually under consideration as part of the general policy environment for communications. At the end of the day the ACCC keeps these things under review as well and they have the ability to intervene. For example, if as part of all this process the minister formed a judgement that there was a difficulty in that area that was going to impair service as we go forward, the government could approach the ACCC to look at the issue. But at the end of the day the ACCC has a process in place for access arrangements that would include roaming. It has not to this stage indicated that it would be imposing a roaming condition, and so that process would need to be gone through.

Senator NASH—Are you comfortable with the level of delivery, if you like, that we have heard from ACMA this morning in terms of the audit process in relation to Telstra saying that it will not switch off CDMA until the level of coverage is equivalent or better? Are you comfortable with that process?

Ms Scott—I indicated earlier that we were reserving the right, if necessary, to do further testing, and I thought the minister's earlier answer about seeking assurances indicates that we are very alive to this issue and not taking words of comfort just as they look. We are obviously wanting to be very rigorous in this arrangement.

Senator NASH—I meant to follow that up before. When you say 'if necessary', what would be the criteria? What would be the trigger for you to look further than the results of the audit?

Ms Scott—We want to look at the baseline results and then obviously go forward from that and look at the next outcomes from ACMA's testing and see if we consider them to be especially robust and rigorous. Your earlier question went to the issue of the sample size. We will also be asking a series of tough questions so that we can be confident because, at the end of the day, we have to provide policy advice to the minister about whether this is meeting the expectations of the government.

Senator Coonan—I would like to add to that: I think this is a matter that I am very engaged with and very concerned about and will continue to be until we get the right outcome. The audits certainly have not concluded. I just got some information on how many we have done. I am sorry if Mr Tanner already said this and I missed it, but there has been coverage in over 100 regions that have been audited so far, and that was, as we know, in New South Wales, Victoria, Queensland and South Australia, and more to be conducted. Further audits can be undertaken in other states. I have heard what people have said about Western Australia and Tasmania. I think it is quite a compelling case to look at whether or not there should be some further extension of it. As was said, they are a representative sample. We also need to remember that Next G coverage audits cannot commence until Telstra states that it has met its commitment for equivalent or better coverage. What is concerning me is that there will be overt slippage so that we are up against the date without being able to have sufficient time to come to a view as to whether these audits have been appropriately conducted, as widely based as they need to be so that we are satisfied that this audit process works.

Telstra has said it expects to be in this position in the coming months, so the key measurement audits have yet to take place. What I have been hearing as I have been travelling is that people have concerns, and I want to make sure that we can satisfy our commitment. The best assurance I can give you and the people who you represent—very ably—is that I will now seek from Telstra some better understanding about how the timeframe is going to run into 1 January next year.

Senator NASH—Thank you. That is very comforting. I would like to go to the issue of fortuitous coverage. Obviously we have some areas at the moment where there is fortuitous coverage. Telstra has said that it will not switch off the CDMA network until coverage is equivalent or better. Is it the department's view that where there is coverage in fortuitous areas at the moment it should also fall into the 'equal or better coverage' definition?

Dr Hart—That really falls into the category of what the minister was talking about before. Until we have some better information so that we understand what is happening, it is very difficult to speculate about.

Senator NASH—This is a very simple question; this is an easy one. Where there is currently CDMA coverage that is not on a Telstra map where people are getting coverage, to use their term, fortuitously, to my mind people are still getting coverage. If we are measuring maps and Telstra is working off maps, is it the department's view that the fortuitous coverage where it is currently happening should also come under the definition of 'equal or better coverage'?

Dr Badger—The concept of fortuitous coverage is a complex one in any case, but certainly part of the assessment that we will make in providing advice to the minister will take into account that matter of fortuitous coverage. At this stage we have not formed a definite view of the way in which the fortuitous coverage issue will feed into the overall expectation of what is essentially Telstra's commitment to the government to meet the equivalent coverage issue.

Senator NASH—That is true. It is Telstra's commitment. I may be speaking purely hypothetically. It may not happen. I am sure we will get fabulous coverage, and we will switch it off in January and everybody will be very happy. But if not, hypothetically, would Telstra have a case to say at the switch-off time, 'That coverage was only fortuitous, so we don't have an obligation under "equal or better coverage" to replicate it'?

Dr Badger—The commitment from Telstra is a broad commitment to services coverage. The minister has indicated a number of times that there is a range of issues that she will take into account in assessing whether the government believes that commitment has been met, and this will be one of those. The minister indicated earlier that she will be writing to Telstra to point out some particular issues to do with her expectations, and it is a matter for the minister to determine just what they will be.

Senator NASH—Would it not be appropriate to define that now? It seems fairly simple to decide whether or not we are going to include it in the definition, as opposed to leaving it until we get months down the track and then make a decision at the death knell to switch it off? Would it or would it not be quite a simple thing now to say that the expectation is that it will be included?

Dr Badger—The intention is to address that issue in the near future so that we have made assessments about that matter before we get to the stage of having the finalisation of, if you like, the 3G audit so that when we get that information we have a set of principles to work against.

Dr Hart—The first audit was very much a benchmarking exercise. We learnt a lot from that process in terms of understanding the nature of the technology. We will be more able to move towards the kind of benchmarking that you are talking about once you understand something about the technology and the parameters it has relative to the old one. To the extent that Telstra is actually providing CDMA services to people beyond the maps, it would have a commercial interest in continuing to provide that service to them.

Senator NASH—I am sure it would be if it was in an area where perhaps it was only going to lose a few; it would be in their commercial interests to say, ‘We’re not going to do that, because it is commercially not viable.’ I am trying to avoid a situation such that somebody who currently has service does not get that replicated. In my view it should not matter what type of coverage it is. If they have it now then they should have it. What I am trying to do is to highlight, perhaps, where there might be a few little potholes—

Dr Hart—The reason we are saying to wait and see is that there may not be that much of a problem. Once we have had the second audit we may be in a far better position to understand just how much better the new service is, and we will be able to make those assessments.

Senator WEBBER—Can you refresh my memory on when we can expect this? What is the timeline for all of this?

Dr Hart—As soon as Telstra feels that it is appropriate to do the second test. When it believes that it is able to meet its commitments, we will be able to do the audit.

Senator WEBBER—When it feels that it can meet its commitments, then you can do the audit and assess whether or not you are going to take these people into account? They also live in Western Australia. There is not a lot of certainty for consumers out there.

Dr Hart—That is what the minister is saying.

Senator WEBBER—I appreciate the minister’s undertaking earlier, and I am pleased to hear that. But the fortuitous coverage issue also exists in Western Australia.

Dr Badger—What I would like to emphasise is that the fortuitous coverage issue is a complex one, but it is certainly one that is being taken into account in doing these assessments.

Senator NASH—Why is it complex?

Dr Badger—Fortuitous coverage by definition changes from time to time. One of the issues particularly at the edge of reception areas is that, if you have a tower that is providing the fortuitous coverage and there is an increase in demand on that tower, the coverage that you may have in the morning may not be there in the afternoon, if the cell is dealing with more calls closer to its centre. It is just one of the facts of life. There is a load factor on mobile phone towers, and it happens to be exacerbated at the edge of networks. I am not an engineer, but that is just one of the dimensions of it. Certainly when we talk to the engineers about fortuitous coverage, it is a complex issue and not an on-and-off issue. It is one of the things that we are very acutely aware of in assisting the government to make an assessment about Telstra’s undertaking to the government to meet this commitment.

Senator NASH—I understand that it is difficult when you get out to those edges and have partial coverage. My point is that, if we are going to change the network, they should have partial coverage under the next network. We need to be very aware of that. Turning to other applications for the new network—say, telemetry, which occurs predominantly in regional areas with things like remote monitoring of equipment, monitoring of water levels, temperatures, data, irrigation pumps and that type of thing—has the working group or the department looked closely at this in terms of how many people in regional Australia are likely to be affected, the potential cost to them of a switchover and those types of issues?

Dr Hart—We have identified telemetry services as a group that we need to understand better. We do not have the information on the numbers right now. We could possibly take that on notice.

Ms Forman—It would be very difficult for us to answer that. Most of the users of telemetry work through independent developers, so they are private companies. Telstra provides them with the products and they put them together in a package for the customers. It would be quite difficult for us, not knowing who those developers are, to identify the number of customers.

Senator NASH—If Telstra is providing the service, would they not be able to tell you how many people they are providing it to?

Ms Forman—I have asked that question, and apparently the usage just comes up as a normal call, because it is coming through the system. You do not know whether the customer is using it for telemetry or using it to make a phone call.

Senator NASH—That is the best it could do?

Ms Forman—Yes.

Senator NASH—That is the best Telstra could come up with? So it has no idea how many people out there are using telemetry on their service?

Ms Forman—Telstra might. I was just identifying how—

Senator NASH—That is what I was saying, Telstra may. We are halfway through the year, and this is a whole group of people who are going to be quite significantly affected by this changeover, and the department does not know how many people are going to be affected?

Dr Badger—The telemetry service is part of that range of services that form the package that Telstra has committed to provide equivalent service levels for under 3G. What we are doing is working with Telstra to understand the level of service that it provides now and working with it for it to demonstrate to us that that level of service will be provided under the 3G network.

Senator NASH—Given there seems to be not much information coming forward from Telstra, how are you measuring what they are proposing to do?

Ms Forman—There is a fair bit of information. Telstra has already done workshops for all of the developers and provided them with a road map that shows them the replacement products for the current CDMA telemetry products. So then the developers put them together into the packages that are required by the customers.

Senator NASH—Is the equipment that they need available today for the changeover? Is the new equipment available that, say, a farmer will need to change to from his current CDMA equipment?

Ms Forman—My understanding is that that was the basis of the workshops that were run for developers.

Ms Scott—You are asking a series of questions about just how feasible is the 28 January date that Telstra has nominated?

Senator NASH—Not necessarily. I am trying to figure out where we are at at the moment.

Ms Scott—We do not have all the information we require in order to be able to provide advice to the minister. Unless a whole stack of information suddenly becomes available, I would have to say the 28 January date is looking—

Dr Badger—Dodgy.

Senator NASH—‘Dodgy’ is good. I like that.

Ms Scott—I will counsel my colleague later.

Senator Coonan—‘Perhaps unobtainable’ might be more appropriate.

Ms Scott—It looks overly ambitious.

Dr Badger—The thing that we always come back to is that, at the end of the day, the minister has powers to influence Telstra’s ability to switch off the CDMA network. The whole exercise is about Telstra demonstrating to the government that its commitment has been met. If the government is unhappy, the government has avenues available to it to prevent the network from being switched off.

Senator NASH—That is excellent. I am very pleased to hear that. On that point, at the last estimates it came up that there was only a limited period during which Telstra could run the two networks concurrently. Does the department know exactly when the final date is for those two to be able to work concurrently? Will that impact on moving out any ‘dodgy’ target date?

Dr Badger—The issue to do with the ability to run the two networks together relates to a number of things concerning the interrelationship between the 3G equipment and the CDMA equipment. Telstra, for commercial reasons, obviously does not want to have two sets of services running. It believes—and I think this is technically correct—that when you turn off the CDMA network you are going to get better 3G coverage, in any case, because you are more able to optimise the position of the towers and so on. We have not explored in detail the constraints on how long that could be continued. I do not believe that there is a technical constraint, but we can check that for you. Fundamentally we have a process in place that is allowing Telstra to make it clear that the approaches it is going to take, the arrangements that they put in place and their interactions between the two networks—the old network and the new network—are sufficiently robust that before they turn that old network off the new network is one that enables them to meet the commitment they have made to the government.

Proceedings suspended from 12.59 pm to 2.03 pm

CHAIR—I just want to remind senators that written questions on notice should be provided to the secretariat by the close of business this coming Friday week. If you could all take note of that, please. Senator Fielding.

Senator FIELDING—I want to return to the national filter scheme. The tender looks at filters for stand-alone PCs, but there is also some reference to libraries. Can you just go through that and what is happening there?

Mr Rizvi—You are correct. The RFT focuses predominantly on stand-alone filters; however, it does also include, at page 26, provision for PC filters to be made available in libraries. Based on a discussion we have just very recently had with the libraries association and their preliminary survey outcome, a number of issues have been highlighted. One, they advised us that the survey shows that approximately 40 per cent of libraries are now using

filters. That is up from 30 per cent about two years ago, so clearly the usage of filters in public libraries is increasing. They also indicated to us that approximately 85 per cent of libraries work in a networked environment. In addition, approximately seven to eight per cent have a networked environment based on what is called a dumb terminal—that is, a terminal without a CPU. From the discussions we have had with industry, we are advised that many of the stand-alone PC filter products will operate in a networked environment as long as the networked environment uses CPU based PCs rather than dumb terminals. So the products that might potentially apply within the RFT that we put out, in all but seven to eight per cent of the networked environment, will work and they will work quite well.

We do have a problem with respect to the seven or eight per cent of libraries that still use dumb terminals. We will through this tender process receive applications, we believe, from both filter products which work solely in a stand-alone environment and products that work in a networked environment. Indeed, a question we received as part of this process from one tenderer was: 'In making the submission do I have to provide a product which works in a library environment?' That is, they asked whether it was compulsory. We have gone back and said that it is not compulsory because we do not want to exclude a good product that operates in a stand-alone environment only. Clearly the message for us is that vendors with products that work in a networked environment are also interested in applying through this process, and we will assess them as well. Having said that, we know that, of the products that come forward, some will work better in a networked environment than others and we will select those that work most effectively. Separately at a later stage, we will be going out to tender, a separate tender, in respect of ISP-level filters and in that context we will examine the possibility of focusing more particularly also on server level and networked environment filters. But that will depend on how well this initial tender goes in terms of the networked environment, and we still do not have sufficient information to be able to make that judgement.

Senator FIELDING—You are referring to question 73 on the request for tender document, questions and answers, is that right?

Mr Rizvi—Question 73, that is correct.

Senator FIELDING—I do not want to read out the question in detail, but after last night I decided to just go through those questions a bit further to have a bit of a look at what was there, and what I can see is the concern there. I think you would acknowledge that the library is an important area. That is the reason why you have included it in the RFT, and the question there is that, if someone actually submits something on the libraries for a server based network, that may not meet the criteria for the tender and therefore be invalid. Is that your reading of it?

Mr Rizvi—The legal advice we have received in respect of that question is that the selection criteria do go to the issue of the library environment, and therefore in assessing products that is a factor we can take into account in evaluating the products that are put forward.

Senator FIELDING—I think we discussed this issue last time about libraries, and Family First have been on this issue for some time. Just today I found out that public libraries in Victoria—including in major centres like Geelong, Mount Waverley, Richmond—have no

internet filters and children can simply go to the computers and have their minds polluted by porn and violence. Is that a concern to the department?

Mr Rizvi—It is certainly a concern. That is an unacceptable situation and it is for that reason that we are going through the process of trying to identify filter products that we can make available in a wide range of circumstances, including libraries, to assist in this regard. We did a survey of all of the state governments with regard to filters in libraries, and we did receive material from the ACT government and the Tasmanian government in respect of their library arrangements. If it is okay with the committee, I will just read two paragraphs from the response from the ACT library area. They say:

Prior to filtering we were receiving regular complaints from customers concerning children who were being exposed to undesirable internet sites that others were accessing because we do not divide up use of those PCs, or the physical arrangement of them, into separate areas for adults and children. The other complaint was that in 2003, prior to implementation of—

and I will not name the particular filter product that they use—

to those PCs, undesirable internet sites could be cached on those PCs and adults were complaining for themselves and on behalf of their children if they accidentally were exposed to those sites. Since implementing filtering for major undesirable categories of internet sites we have not had any of those complaints. We are able to ask our IT staff to unblock legitimate sites if they are incorrectly blocked because our branch staff can check the sites at branch information desks and verify that they should be unblocked and let appropriate IT staff know. Our staff can also check sites that they see our customer using that may be undesirable and recommend that they be blocked.

The advice clearly from the ACT government, and there is a similar situation in Tasmania, is that the use of filtering in that environment has worked very well. We are seeking to encourage all other state governments, and local governments, to adopt a similar approach.

Senator FIELDING—I think those reports are positive. There is Victoria, New South Wales, Queensland, WA—there are a lot of kids. I am a father of three and I am concerned that kids can walk up into a library, type something simple into Google, and two clicks away you can have the most horrific porn images come up in front of you. Today that is the case in Victoria, in Geelong, the second largest city of Victoria, other than Melbourne, of course, and also Mount Waverley and Richmond. Just three at random tested in Victoria, and I notice that the minister—I do not know where she is—

Ms Scott—She has been detained.

Senator FIELDING—Here is the minister now.

Senator Coonan—Sorry, I was just finishing a meeting.

Senator FIELDING—Good afternoon. I was just going to refer to your address to the National Press Club on 14 June, 2006. I have a quote from that.

To help protect Australian families, the Government has committed to doing everything reasonably possible to ensure that all Australians—particularly children—are safe on the Internet.

I am trying to reconcile that with a tender document a year later saying, ‘We may look at some library stuff here and some in another tender document.’ But at the moment in Victoria, we have major centres like Geelong, Mount Waverley and Richmond where kids can just go straight up to a computer, go into Google and in a couple of clicks they have access to an open

slather of sex, smut and sleaze. That is today, 2007, nearly a year later. I am starting to question how serious this government is with that statement.

Senator Coonan—Who runs the libraries?

Senator FIELDING—I will ask you the question: who runs the libraries?

Senator Coonan—The state government, I am afraid.

Senator WEBBER—It could be the local governments.

Senator Coonan—Maybe.

Senator WEBBER—Yes. It would seem that neither you nor Senator Fielding know the answer to that question. In Western Australia they are all run by local governments, except the central library.

Senator Coonan—That is why I was not being dogmatic. I was asking if anybody knew. I am sorry if this is an exchange as opposed to a question and answer, but if it was a library that was clearly under the control of the Commonwealth, we would have done something.

Senator FIELDING—Can I draw your attention to the communications powers in section 51(5). Did the government use that communications power on the issue of internet gambling? Why cannot the government use that same power if they are absolutely serious, as per your statements that the government is committed to doing everything reasonably possible to ensure that all Australians, particularly children, are safe on the internet? Why cannot those same powers be used?

Senator Coonan—You are asking me for a legal opinion. What I will do is check the powers for the internet gambling because I do not have it in front of me, so I will take that on notice.

Senator FIELDING—I am not referring to internet gambling now; I am referring to—

Senator Coonan—You are referring to the powers.

Senator FIELDING—The powers, correct. Will you take that on notice?

Senator Coonan—Yes, of course.

Senator FIELDING—Given the statement, ‘We will do everything reasonably possible to ensure that all Australians, particularly children, are safe on the internet’, do you know that online porn is freely available to Australia’s federal politicians and their staff in Parliament House and their offices around the country?

Senator Coonan—I have not accessed it and people around Parliament House have not raised the issue with me. Just getting back to libraries for a minute, my advice is that, from the monitoring we have done, about 40 per cent of libraries have filters. A lot of libraries have some issues with their IT department and their capacity to be able to do it, but we are, as I understand it, very proactively working with libraries. Obviously they are resourced from state and territory governments but, insofar as we can, we are certainly trying to deal with the issue of libraries. About your next point, I will certainly take on notice what powers may be available to the Commonwealth. Are you suggesting that the Commonwealth should override the state jurisdiction in respect of how they resource their libraries? I am just not quite sure what you are suggesting the power goes to.

Senator FIELDING—I am just reconciling the statement of doing everything reasonably possible to ensure that Australians, particularly children, are safe on the internet with the communications power that was used in regard to internet gambling. I am asking you if that is a statement that you have made. If you are tough on pornography and not soft, why a year later has that question not even been asked by you about using Commonwealth powers to not be soft but be tough on internet porn?

Senator Coonan—As I have said, I do not think it is a fair statement for you to say that it has not even been considered. What I will do, for the purposes of our exchange this afternoon, is take it on notice and I will get you a more comprehensive answer as to what has been considered in relation to that power—not that it has not been but what has been considered in relation to the power.

Senator FIELDING—Following on a bit further, Family First has done an investigation and discovered there is no internet filter on the Australian parliament's computer system, making Parliament House a workplace that peddles porn.

Senator Coonan—That is a bit rich.

Senator FIELDING—Why do bureaucrats have porn sites blocked?

Senator Coonan—The systems in Parliament House are not something under my jurisdiction. They are something under the jurisdiction—

Senator CONROY—Speak with the President.

Senator Coonan—Just address it to the right committee, is what I am really suggesting, with respect.

Senator FIELDING—I appreciate the response but I had not got the question out. That was a statement, so I am just getting to the question. Do you think the government should be leading by example?

Senator Coonan—I think we are. By and large, I think there is bipartisan support for the government's initiatives and, as you know, we are going to be having a world first in perhaps the most comprehensive response to the issue of pornography and the internet. What you are now suggesting is that, in addition to all of the things that we are doing, there may be some issue to do with the way in which Parliament House is run. If that is really what is being said, that is not a matter for me but you could raise it in a different committee.

Senator FIELDING—I think there are two points here. One is on the library front and the question we raised before about the powers that the government has and the second is on leading by example. I still do not understand why senators, members and their staff have access to internet pornography?

Senator Coonan—Do you understand what we just passed through the House yesterday? Do you understand what is in the content services bill?

Senator FIELDING—Is that going to address this issue?

Senator Coonan—It certainly does, partly.

Senator FIELDING—Partly?

Senator Coonan—I think it will fairly comprehensively.

Senator FIELDING—If you are really tough on internet porn—

Senator Coonan—Do you understand what is in the bill to start with? I do not think you do the way you are framing the questions.

Senator CONROY—I have taken a lot of trouble to invite Senator Fielding home and have dinner with him. I am doing all the good work.

Senator Coonan—You are doing all the legwork. I am indebted to you as usual.

Senator CONROY—Just trying to help.

Senator Coonan—Seriously, I would have thought that there is, as I have said, largely cross-party support for the initiatives the government is taking here. How about a bit of credit for the fact that we take this seriously instead of pejorative questions when they may not be, with respect, very well based. I am not quite sure what you are putting to me, but if it is some specific question as opposed to a statement, obviously I will look at it. I never say no to any reasonable proposition. If you, through your particular interest in this matter and your diligence—if that is the right word—wish to bring matters to my attention, by all means do. I mean it.

Senator FIELDING—With all respect, I am taking it very seriously as a dad, I have three kids—

Senator Coonan—I am a mum, so we are not exactly coming from different perspectives.

Senator FIELDING—Surely, a year after your statements, more should have been done—

Senator Coonan—On what?

Senator FIELDING—on ensuring libraries would have filters—local libraries where kids just walk in; a few clicks and it is up in front of them. I am wondering: can I come by and visit your office this afternoon and show you some of this horrific material that is there on the web?

Senator Coonan—I would be very pleased to. Please do. When we suspend for afternoon tea we will go up and you can show me how to access these sites. I actually do not access them so you may be able to show me something. I do not know how you access them, but you obviously do. What I think is important here—

Senator CONROY—Make sure you have got a camera!

Senator Coonan—I just have not accessed them, but if they are there and you want to show me what I can access in Parliament House if I choose to—I do not. If you want to show me that, I will make myself available.

Senator FIELDING—I will do that and I think you will see the urgency, the absolute urgency—that Australian mums and dads want to see this done immediately, quickly. I cannot believe that in 2007 you can walk into a library and, with a few clicks, you have this stuff on your screen. It is just unbelievable. Unbelievable.

Senator Coonan—I will tell you what we will do, Senator Fielding. If you will come with me down to the public library here in Canberra, which is something that we have got jurisdiction over, as opposed to other libraries, I would really like you to just walk in there

and, with your two clicks, show me. That is something we will do together. Why don't we bring the press with us and you can show me?

Senator FIELDING—Why not do even better? Why don't we go down to Geelong—

Senator Coonan—No.

Senator FIELDING—in Victoria? Why don't we go down—

Senator Coonan—All I can do is go to Canberra today. We will go down to Canberra together, today, this afternoon at the afternoon break. I am sure the committee will let me go for a few minutes, and you can show me—

Senator Conroy interjecting—

Senator Coonan—Senator Conroy doesn't want to miss out! Now this is serious. Senator Fielding, if you are going to come in here and accuse the government of not being interested in what happens in libraries, we are going to go down together to the public library and in two clicks you are going to show me graphic porn. That is good. We will have a look at that.

Senator FIELDING—The Howard Government for, what, 10 years—

Senator Coonan—Excuse me, Senator Fielding—

Senator FIELDING—Let me finish asking the question.

Senator Coonan—You have asked me a question and I have said to you that if, you are serious, we will do this this afternoon and we will see what you can get in two clicks in a public library.

Senator FIELDING—Let me finish. Ten years, and today I can walk into Geelong, Mount Waverley—

Senator Coonan—Well, speak to the Bracks government about that. Do not speak to me.

Senator FIELDING—Not only that; I would make the second point here—

Senator Coonan—Have you actually written any letters about this?

Senator FIELDING—and today—look, I will accuse the government of peddling sex, smut and sleaze—

Senator Coonan—Senator Fielding, be reasonable—

Senator FIELDING—Why do—

Senator Coonan—Don't be so silly.

Senator FIELDING—Why are there no filters on the internet for the members and their staff when you have them on the departments? There is one rule for politicians and another rule for everybody else.

Senator Coonan—You have asked two things in one question. Let us just take this gently. Libraries that are not under Commonwealth jurisdiction are not libraries where we can just insist that they install a filter. That is the first point. Where we can, we will. And you and I are going to go down and we are going to test this one here in Canberra this afternoon—

Senator FIELDING—And then after that one we can go and test another one.

Senator Coonan—And, if you do not do it, I will. I am going to go down and I am going to see if I can do it in two clicks. The second thing we are going to do is go to my office and you are going to show me in two clicks where there is pornography all over Parliament House. If you are correct, I will eat my words. If you are not correct, I hope you will have the good grace to suggest that you might have actually put this up a bit too high. Now, is that a deal?

Senator FIELDING—I have got no problem in doing that and also, when you are next in Melbourne, I will show you a couple of other sites.

Senator Coonan—Unless I can take Steve Bracks by the ear—Senator Conroy might help me here; I am sure Steve Bracks is a good mate of his. We will go with Premier Bracks and see what we can do together, but that is his jurisdiction. Victoria is actually a sovereign state. They actually run libraries.

Senator FIELDING—This is where the government seems to pick and choose on what they actually want to take powers on. I have just shared with you earlier in this discussion about how gambling on the internet and using the communications powers there quite easily could be used in this area of libraries.

Senator Coonan—What you can do online is a very different issue.

Senator CONROY—I think he has got you there.

Senator Coonan—No, I do not think he has, actually, Senator Conroy.

CHAIR—We are running out of time because you have been going for nearly half an hour now, Senator Fielding. We have to move on to another senator.

Senator BIRMINGHAM—Just quickly on that subject, if I may. I had a couple of questions on this matter last night. Just so we do not leave the committee with any misunderstandings, I understand from the questions last night that no other government that you have found around the world has embarked on this type of program.

Senator Coonan—No, that is right, and that is why I think the kinds of accusations that Senator Fielding makes are unfair and, where they are fair, I want to address them.

Senator FIELDING—Let us just say: what is unfair?

CHAIR—Senator Fielding, we are running out of time.

Senator FIELDING—Running out of time. I have been here—

Senator Coonan—Anyway, it is argumentative. It has nothing to do with the operations.

CHAIR—You have had half an hour.

Senator FIELDING—Sorry, Minister; where is it unfair?

Senator Coonan—I am not going to enter into an argument with you.

Senator FIELDING—That is not unfair at all. It is unfiltered. Unfiltered. I can confirm it is unfiltered.

Senator Coonan—What is?

Senator FIELDING—I have checked that what members of parliament and staff have is unfiltered internet access to porn.

Senator Coonan—We are going at afternoon tea—

Senator FIELDING—It is unbelievable, in 2007. Leading by example? This is not leading by example; this is following.

CHAIR—You have said that already, Senator. You have said that already.

Senator Coonan—I just want to place on record that arrangements have been made now for Senator Fielding to be able to demonstrate this to me during the afternoon tea break.

Senator WEBBER—You had better take him with you.

Senator Coonan—Yes, of course. You can come too, Senator Webber.

Senator CONROY—I would not miss it.

Senator Coonan—This is an opportunity for anyone who wants to see this to have a look.

CHAIR—I think at that point we will conclude—

Senator CONROY—What time is afternoon tea?

CHAIR—Quarter to four.

Senator Coonan—Not long to wait, Senator Conroy.

Senator CONROY—I just want to make sure Senator Fielding knows what time.

CHAIR—Senator Conroy.

Senator CONROY—Thank you. We were hoping to get some information from our favourite CFO.

Ms Scott—This relates to the—

Senator CONROY—GST.

Ms Scott—campaigns.

Senator CONROY—Yes, and if we could go through what the total cost of the campaigns is.

Ms Scott—Okay.

Senator CONROY—And can we be clear, because I do not want to mix them up.

Ms Scott—As we indicated last night there are two campaigns. The campaign with the title Your Telecommunications Safeguards: Pointing You in the Right Direction came under the appropriation Connect Australia—telecommunications consumer information campaign. I have this in a table. I would be happy to table it.

Senator CONROY—That would be great.

Ms Scott—The second campaign relates to the Protecting Australian Families Online consumer information campaign. The total appropriation for Protecting Australian Families Online is \$18.293 million, and that is over four years.

Senator CONROY—It was \$18.1 million without GST.

Ms Scott—No, \$18.293—

Senator CONROY—It was \$18.1 million without GST.

Ms Scott—I am giving you the total appropriation. Can I just take you through the whole appropriation and then take you through the GST element?

Senator CONROY—Sorry, I was assuming you were just going to add them together for me.

Ms Scott—The Connect Australia one, Your Telecommunications Safeguards, is \$5.868 million. The appropriations exclude GST.

Senator CONROY—Both of those?

Ms Scott—Yes—

Senator CONROY—Because, if you remember I did ask that question specifically last night about Connect Australia, and the general view—and you said you would take it on notice—

Ms Scott—Yes, that is right.

Senator CONROY—was that it did include GST, but now we are saying it didn't?

Ms Scott—No. The appropriations exclude GST.

Senator CONROY—The taxpayer still pays the GST; so can I have the GST added to the totals?

Ms Scott—Yes, all right.

Senator CONROY—Thank you.

Ms Scott—GST does not apply to every element, obviously—

Senator CONROY—I understand that. That is why I did not want to do it myself.

Ms Scott—Okay. The estimates—they can only be estimates at this stage—for Protecting Australian Families Online is \$1.726 million and Your Telecommunications Safeguards: Pointing You in the Right Direction is \$0.527 million. So it adds up to a total GST of \$2.253 million estimated, and then the total, which was the appropriation of \$24.161 million, with the GST comes to \$26.414 million.

Senator CONROY—So that \$26 million includes the GST?

Ms Scott—That is right.

Senator CONROY—The total for these two programs is \$26.414 million?

Ms Scott—That is right. We get the GST back.

Senator CONROY—The government does, the taxpayer does not.

Ms Scott—That is why it is probably best to think about the total appropriation figure, in a way. That is why we use appropriation figures rather than GST figures. There was also a question asked of us about an additional \$0.5 million, and I think it may have been—

Senator CONROY—Senator Wong and myself were both asking about that.

Ms Scott—That is right. It came from a discussion in estimates in another committee following questioning to the Department of Prime Minister and Cabinet. I think it was for the TV buy, and I think the clarification was: was this included in the \$5.868 million, and the answer is yes.

Senator CONROY—That is what we said last night.

Ms Scott—There was also another question about budget measures statement 2006-07, budget paper No. 2, a half-million dollar program. We did find this. This is for NetAlert and it was called Continued Funding. It is not an information campaign per se. I have the description of a measure here. There is some community awareness, but it was not as if it is entirely a communication campaign. I can explain what it is about. Funding was for general operating funding for NetAlert used for salaries and other expenses. One of NetAlert's functions is to undertake community awareness of internet safety. It does school visits, maintains websites, et cetera, and we would not characterise it as a campaign in the normal sense that I think you were after. So, if I could table the figures that I read out earlier, I think that might be helpful.

Senator CONROY—Okay, that is great. We are just missing the minister.

CHAIR—She is probably arranging—

Senator CONROY—I thought she said they had been arranged.

CHAIR—I suppose it has to be put into place.

Senator CONROY—I will come back to the minister. The review of Indigenous broadcasting to examine funding practices that will better reflect the needs and aspirations of Indigenous communities and to propose a set of principles for the future governance of the program was announced by Senator Coonan in April 2006. A discussion paper was released in May 2006 and was made available to interested parties in hard copy. The review was released in May 2007 in soft copy. Can you tell me how much the review cost to undertake?

Mr Allnut—I do not have any costings with me for the review. It was conducted internally by the department, so it involved departmental staff.

Senator CONROY—Okay. So you did not get external consultants, or anything?

Mr Allnut—No, there were no external consultants.

Senator CONROY—Why was the decision made to release the review only in soft copy?

Dr Hart—I think it was also made available on the website and it was generally thought that that was an appropriate way of making the information available.

Senator CONROY—Can interested parties, such as the Australian Indigenous Communications Association and remote Indigenous media organisations, obtain hard copies of the review for themselves or their members?

Mr Allnut—Yes.

Senator CONROY—Hard copies?

Mr Allnut—Yes, we can provide hard copies to them. We will be emailing them to advise—

Senator CONROY—Because, ironically, one of the debates that we have been having this afternoon is about the ability of remote and regional communities to get broadband and to be able to access large documents and be able to download them in reasonable time. I am just surprised that the review was only made available in soft copy.

Mr Allnut—We are emailing people in the sector to advise them about the review and we are providing hard copies as well.

Senator CONROY—If you get a request from somebody you will give them a hard copy?

Mr Allnut—Certainly, and we provide copies—

Senator CONROY—It does just seem particularly perverse that the very people you are targeting are probably the one group who could not actually get easy access on the net to it.

Mr Allnut—Yes, we are providing hard copies to the AICA as well so that they can distribute them directly to their members if they wish to.

Senator CONROY—Can we get a hard copy?

Mr Allnut—Yes, certainly.

Senator CONROY—Thank you very much. At the last Senate estimates we touched on ACMA's interim antisiphoning list reports which investigate the operation of the antisiphoning list and implementation of the government's 'use it or lose it' policy. How many reports have been released so far?

Dr Badger—Four.

Senator CONROY—Can you tell us whether there have been any recommendations about taking any sports off the list from the early interim reports?

Dr Pelling—I think the answer is, in those reports, no.

Senator CONROY—In those four?

Dr Pelling—Yes. ACMA will in the long term have a role in terms of providing a report to the minister but that has not yet been implemented.

Senator CONROY—Have there been any other reports?

Dr Pelling—ACMA will report on a regular basis.

Senator CONROY—You were saying in those four reports, no, which suggested to me that there could be another report that I had not raised.

Dr Pelling—There are four reports that have been provided to us. A fifth report is in preparation at the moment. Then they will move into a regular process of reporting after each sporting season—so the summer games and the winter sports as well.

Senator CONROY—The fifth report is being prepared at the moment? Is that being compiled by you or compiled by ACMA?

Dr Pelling—It is compiled by ACMA. These are reports by ACMA on its monitoring activities.

Senator CONROY—What is the process for implementing any of the recommendations? Does it go to the minister? Does it go to the department, to the cabinet? What is the process?

Dr Pelling—The reports are provided to the minister. The minister has responsibility for determining events on the antisiphoning list. It will be a matter for the minister to decide.

Senator CONROY—Will the minister be considering any recommendations to remove sport—

Senator Coonan—Yes, I have it under consideration but I have not made any decision.

Senator CONROY—Sorry, I am confused by that.

Senator Coonan—Sorry, I may have missed something—

Senator CONROY—No, you jumped in there. According to the department, they have informed me that there have been no recommendations to remove anything from the list—

Mr Neil—ACMA has not made any—

Senator CONROY—Sorry. So, you made some recommendations?

Mr Neil—The department provides advice to the minister on—

Senator CONROY—Sorry, I have missed a step in this process.

Dr Pelling—The ACMA reports do not include recommendations as such.

Senator CONROY—So you have a look at the reports and you make recommendations?

Dr Pelling—It is a matter for the department to then advise the minister based on the content of the reports provided to ACMA, which are about monitoring the coverage of sports events.

Senator CONROY—Let me try to make sure I get my questions precise enough to get a sensible answer. ACMA have not made any recommendations, or it was not ACMA's job to make any recommendations in those reports?

Mr Neil—We are in a transition period. ACMA will at the end of the current year provide a report to the minister, as the minister has requested, and then will make recommendations which will be made public. In 2006, ACMA began its reporting but the 'use it or lose it' provisions did not come into force until January, so any actions flowing from 2006 will be based on the minister's consideration of advice from the department.

Senator CONROY—You looked at the ACMA report and you then formed a view and made a recommendation to the minister?

Mr Neil—Whenever ACMA reports to the minister, the department provides advice to the minister in general. That would be the normal process.

Senator CONROY—ACMA provided their interim reports. That is what they are at the moment because we are in the transition phase. Have ACMA presented those reports to the minister or to the department?

Mr Neil—To the minister.

Senator CONROY—And they recommended nothing be deleted from the list?

Mr Neil—They reported on coverage. That was what they were asked to do.

Senator CONROY—You then had a look at those, formed a view and made whatever recommendations to the government. That could be for no change or it could be to delete the whole list.

Ms Scott—And they would give the policy advice.

Senator CONROY—I am not asking you to say what it was; I am just trying to give you the full cover by saying it could have been at either end of the spectrum. So you considered it and passed some advice on to the minister?

Mr Neil—Yes.

Senator CONROY—Minister, has the department recommended to you to remove any sports from the list?

Senator Coonan—To be perfectly honest I cannot recall what the recommendations actually were. I have it under consideration. I was actually having a look at the reports because the whole basis of getting the monitoring done was so that you might have some more informed way of looking at it, but I do not recall the actual recommendations from the department. I have got all the reports.

Senator CONROY—Don't take that personally, guys.

Senator Coonan—So I have got some advice.

Senator CONROY—So there is not a recommendation or you are not considering deleting the Australian Open in any way?

Senator Coonan—I am not going to be drawn on what I might do, but what I am saying is that I have the reports under consideration and I have got some advice from the department. I do not recall any particular advice, as I said here, or any particular recommendation.

Senator CONROY—I appreciate that you cannot recall one; I am just asking you now very specifically: are you considering in any way changing the Australian Open tennis as part of your consideration?

Senator Coonan—You are asking me to tell you what kind of policy changes I might make, and I am not going to tell you.

Senator CONROY—I am just asking you to rule it out.

Senator Coonan—No. I am not going to rule anything in or out. I am going to consider it and make a policy announcement in due course. I might not make any change.

Senator CONROY—Are you likely to make any announcement in the near future?

Senator Coonan—Do you mean on antisiphoning?

Senator CONROY—Yes.

Senator Coonan—That is a matter for me to consider. I am not going to be drawn on when I consider it. I am under no time frame.

Senator CONROY—No, I was not suggesting you were. I was just asking you. You said there could be policy changes that you are considering and I am just asking.

Senator Coonan—Yes, well, I am considering it. I am considering it, but I do not have a time frame.

Senator CONROY—It is understood that both DCITA and ACMA have been in consultation with the Shire of Yarra Ranges, Victoria, with a view to resolving television black spots in the areas of Kalorama North, Kalorama South and Montrose. Over what period has this consultation occurred?

Mr Neil—We can give you exact times. I am not really able to give them to you right now, but it has been over an extended period, a number of years.

Senator CONROY—What outcomes have been achieved?

Mr Neil—We are still in discussions with the shire. Our most recent advice from them was that they were considering the option of cabling. We had originally proposed a direct-to-home solution. They have advised us that they do not consider that feasible. It will not address enough of the houses that have reception problems in their view. We have accepted that advice from their own technical assessments and we have asked them to consider whether they think a cabling option is possible.

Senator CONROY—What proportion of the population of these black spot areas will benefit from the proposed black spot solution?

Mr Neil—There are around 200 households involved. I can get you an exact number in the case of Kalorama North.

Senator CONROY—How long do you think it would take you to resolve all the black spot issues in this area?

Mr Neil—In Kalorama North?

Senator CONROY—And Kalorama South and Montrose.

Mr Neil—Really, it would depend on the solution that is chosen. The cabling solution obviously would take time. In Australia that would be an unprecedented solution and so it would be difficult. We do not have a precedent to judge a time scale on. The direct-to-home is obviously very quick in comparison. Terrestrial retransmission can take time, but within a matter of several months.

Senator CONROY—Can you tell me how many government funded community television translators there are in Australia?

Mr Neil—No, I cannot.

Senator CONROY—I was just wondering how we were going to deal with the switchover of digital with those government funded community television translators.

Mr Neil—You mean the analog translators?

Senator CONROY—Yes.

Mr Neil—There are a range of categories of analog transmitters. Some are obviously being addressed already: all of the national transmitters and all of the commercial transmitters operated by the commercial operators. Then there are groups who others can talk better of

than I that the minister will be considering in relation to self-help groups. I would have to stop there because that is not my area of responsibility.

Dr Pelling—If you are referring to the community television services in the capital cities, there are four.

Senator CONROY—I am talking about the government funded ones specifically.

Dr Pelling—Sorry. I was going to say there are four community services but they are not government funded. So that is not relevant.

CHAIR—Senator Conroy, believe it or not that is 20 minutes. Is it possible to go to Senator Humphries for a little while?

Senator HUMPHRIES—Thank you very much. I wanted to ask about broadband performance and Australia's performance on an international comparison. I have certainly followed the debate that has gone on to do with how Australia should be ranked with respect to internet broadband speeds. I wonder if someone could explain the basis on which the claim is made that Australia is ranked 25th with respect to those sorts of connection speeds. I understand the World Economic Forum report attributes that ranking. Could DCITA indicate on what basis that ranking is made? Do they consider that ranking to be a valid representation of Australia's internet performance?

Mr McCormack—With regard to the claim that Australia is ranked 25th on broadband speeds, that is actually incorrect. It is a World Economic Forum assessment which is based on undersea cables. So the data is flawed. It does not actually relate to domestic use. It is an international comparison of our capacity in terms of broadband undersea cables and the population. So you take the capacity of our undersea cables and divide it by the population. If you have a centre like Singapore or Amsterdam, which have a large number of undersea cables going in but only a small population, they will rank very highly. Australia is in a very different situation in that we are at the end rather than in a throughput area. So the data is actually incorrect.

Senator HUMPHRIES—It sounds bizarre that we would be considered on that basis. This report was done when—last year?

Mr McCormack—It is actually based on 2002 data. So it is very old.

Senator HUMPHRIES—How fast are the internet connections that we can engineer in this country? How do we actually figure in terms of the speed that we can get across the Australian community on average?

Mr McCormack—As we outlined in the broadband blueprint which the minister released last year, DCITA has done research work in this area which indicates that up to 90 per cent of Australian households can access broadband speeds of greater than two megabits and up to 50 per cent of Australian households can actually access broadband speeds in excess of six megabits.

Senator HUMPHRIES—Does that include cable broadband?

Mr McCormack—The second of those figures, the 50 per cent above six megabits, actually relates to ADSL 2 and cable.

Senator HUMPHRIES—How is the ADSL 2 rollout actually going at the moment? How is that affecting our broadband speeds?

Mr McCormack—Certainly the ADSL 2 rollout is probably—

Mr Bryant—I might be able to provide you with some information on that. The numbers we have from our departmental analysis done at the start of this year, 2007, indicates that there were 1,973 commercial DSLAMS—that is, ADSL 2 plus switches and exchanges—operational. There were 58 which were termed ‘in queue’, which we understand to be waiting for Telstra connection into the exchange. There were 297 under construction and there were a further 127 planned. In addition, there were 240 where the DSLAM had been installed but capacity had been fully utilised. If we add all those up, I think it gets to a number of around about two-and-a-half thousand either built or at various stages of construction.

Senator HUMPHRIES—How does our rollout and present capacity compare with a country like, say, Britain at the moment?

Mr McCormack—Comparing it to Britain, Ovum conducted a study in January 2007 which was called the ‘fibre-to-the-premises in the Asia-Pacific study’. It noted that really only two countries were looking to invest significantly in terms of increasing their growth in fibre. Those two countries were Japan and South Korea. If you were to compare us to, say, the United States, we actually do not look that much different. Forty-four per cent of people in the United States are on cable modem, 34.9 per cent are on ADSL, 1.5 per cent are on DSL and one per cent were on actual fibre to the premises. So it is quite low. If you look at the UK, for example, 73 per cent are on ADSL and 26 or 27 per cent are on cable. Their wireless connections are less than one per cent in this area and their broadband penetration is actually only around about 30 per cent—that is for this year. If you were to compare that to, say, Australia, we are actually looking at about 38 per cent penetration out in the rural areas and 52 per cent penetration in the metropolitan areas.

Senator HUMPHRIES—So you cannot say what the actual ranking—properly considered—of Australia would be, but it would certainly be considerably higher than 25th in the world?

Senator CONROY—Not if you want him to keep his job.

Senator HUMPHRIES—Well, you worry about your job, Senator Conroy. I am more worried about getting information. So is that a fair statement?

Mr McCormack—That is a fair statement.

Senator HUMPHRIES—We rank well above 25th?

Mr McCormack—There are a number of studies around the world. They all come up with different figures.

Senator CONROY—Any of those put us in the top one?

Mr McCormack—Not that I am aware of.

Senator CONROY—Top two? Top three? Top four?

CHAIR—Top six, maybe.

Senator CONROY—Please—if you collapse the list in the Market Clarity report. You would want your money back if you paid for that stuff.

Senator HUMPHRIES—We have established that 25th is somewhat inaccurate. I want to take up the question of—

Senator CONROY—No, you have done some talking; you have not established anything.

Senator HUMPHRIES—We haven't? I am just relying on the evidence that we are getting.

Senator CONROY—Do not worry about the World Bank and the OECD.

Senator HUMPHRIES—But perhaps you have better evidence, Senator Conroy.

Senator CONROY—Do not worry about any of the other organisations.

Senator HUMPHRIES—Could I ask about broadband take-up? I understand the OECD has ranked Australia 16th in the world with respect to broadband take up. Can you explain the basis on which that assessment was made? Does it take into account things like fixed wireless broadband and other technologies?

Mr Besgrove—The OECD numbers that rank us currently at 16th are based on extrapolations of ABS data as of up to September of last year. We have a number of issues with some of the OECD assessments. One of the concerns that we have is that we think that they may in fact understate the true position in Australia. For example, the OECD figures do not include our fixed wireless connections.

Senator HUMPHRIES—Sorry, it does not include fixed wireless, did you say?

Mr Besgrove—No, it does not.

Senator HUMPHRIES—And fixed wireless is what proportion of the market?

Mr Besgrove—I am not sure of the proportion. In terms of numbers, we think there are a bit under 200,000.

Mr McCormack—In the Australian market, fixed wireless accounts for about 80 per cent of the market as opposed to about 20 per cent for 3G.

Senator HUMPHRIES—That is a very large part of the market to leave out when you are making—

Mr McCormack—Of the wireless market.

Senator HUMPHRIES—Of the wireless market, yes—sorry.

Senator CONROY—Get your questions straighter.

Senator HUMPHRIES—Thank you, Senator. You can have a go yourself in a minute. Again, it would be hard to say, then, exactly what Australia should be ranked if those issues were taken into account, but it would certainly be higher than 16th?

Senator CONROY—Could it possibly be lower.

Mr Besgrove—One of the dilemmas—

Senator HUMPHRIES—Could I ask the officers to answer the question rather than you, Senator?

CHAIR—Please give Senator Humphries a chance to get his questions through and answered without interruption.

Mr Besgrove—We do have some concerns about the OECD methodology and the data, and those have been reflected in a letter which the minister has recently written to the OECD raising some concerns in this area. One of the issues we are concerned about is that some countries may in fact be reporting broadband at much lower speeds than Australia. We cannot be certain about this, but we have certainly got evidence of a couple of instances where that may be the case. That was certainly also one of the issues that was raised in the recent Market Clarity report which has certainly enjoyed a lot of publicity in the last couple of weeks.

Senator HUMPHRIES—I understand that that reference to some other countries includes a reference to places where speeds of less than 256 kilobits per second are actually counted as broadband.

Mr Besgrove—That is one of the assertions in the Market Clarity report.

Senator CONROY—Denied by the OECD.

Mr Besgrove—The OECD has since denied that. However, we are not altogether confident that there may not be some coverage of slower speeds in that data from some countries.

Senator HUMPHRIES—How do we define broadband in Australia?

Mr Besgrove—Speeds of over 256 kilobits per second.

Senator HUMPHRIES—Okay; all right.

Senator CONROY—Does that meet the international standard?

Senator HUMPHRIES—Does this count towards my 20 minutes, Senator Conroy? If you throw a question in, do I get extra time?

Senator CONROY—Go for it.

Senator HUMPHRIES—Could I just clarify: what Market Clarity was saying was that they think that Australia's ranking is higher than 16th and could be as high as ninth. Is that correct?

Mr McCormack—Just with respect to the Market Clarity report, it was based on the June 2006 OECD figures. For that time, our understanding is that it is correct. They did look at speeds below 256. However, in the December figures for the OECD they did correct that anomaly. So from December onwards their figures are 256 and above.

Senator HUMPHRIES—Will that wash through in revision to their ranking system in due course, do you think?

Mr McCormack—Potentially, yes.

Senator CONROY—Do you base that on anything other than your assertion?

Senator HUMPHRIES—All right. You said that the minister has raised with OECD the question of what its methodology is for these sorts of exercises.

Ms Scott—That is right. I have a copy of the letter that the minister wrote to the Secretary-General of the OECD. I have got permission from the minister to table this if you wish to see it. Also, there is a letter from the United States Department of State to the Secretary-General

of the OECD that also highlights a range of concerns that the United States has with the OECD methodology, and I think that can be tabled. It is in the public domain. Both can be tabled if you would find that useful.

Senator HUMPHRIES—That would be useful, thank you very much. Obviously what bodies like the OECD use to make these formulations is, in part, information supplied by Australian agencies and so forth, and I understand that OECD figures for the past few years have been based not on total connections provided by all of the broadband providers but by a sort of cross-section of broadband providers—in fact, eight broadband providers. Is that the case?

Mr McCormack—That is correct. The ACCC data which was used by the OECD for their tables, up until December, actually was based on nine major ISPs across the country. If you look at our estimates at the present day as to how many ISPs there are actually in the country, we believe it is around about 452. Looking at just those nine major ISPs is not necessarily going to give you an accurate picture.

Senator HUMPHRIES—That is a good point to take into account. Finally, I just want to ask about fibre to the node and the rollout of infrastructure for fibre to the node. I have also followed the debate about the necessity for an investment, or the supposed necessity for an investment, by government in that. As of this point, or at least in the last year or so, have there been any requests by either Telstra or the G9 consortium for government assistance in their plan to roll out broadband structure, fibre to the node?

Mr Lyons—The department's understanding is that both Telstra and the G9 have publicly stated that their fibre-to-the-node proposals do not require government funding.

Senator HUMPHRIES—I see. How far does, for example, the G9 proposal propose to go with that self-funded proposal?

Mr Lyons—From the media releases that we have seen, we understand that initially the G9 proposal would initially reach four million households, which is effectively the five major capital cities, but then be progressively rolled out to the more densely populated regional centres, and I think Newcastle, Townsville and Ballarat have been quoted, but I do not think there is any further specificity on that at this stage.

Senator HUMPHRIES—Is it envisaged the Telstra proposal would go as far as that, or further?

Mr Lyons—Telstra does not have any specific commitments, but again it is broadly similar, a rollout to the five major capital cities and the progressive rollout to the densely populated—

Senator CONROY—Is that a national network, a rollout to five capital cities?

Mr Lyons—Sorry?

Senator CONROY—Would five capital cities count as a national network?

Mr Lyons—It would not cover the whole of Australia, no.

Senator CONROY—It would cover five capital cities and that is all?

Mr Lyons—It would cover the five capital cities and be progressively rolled out.

Senator CONROY—No, sorry. That is not what they are saying. They are saying they will think about it. The ad is quite clear; it says it in black and white.

Mr Lyons—I was probably talking about the G9 proposal. I am not talking about progressive rollout.

Senator HUMPHRIES—With these proposals, at least the two proposals on the table now, or being put on the table for rollout of fibre to the node across Australia—

Senator CONROY—No, he just explained to you, it is only to five capital cities.

Senator HUMPHRIES—Yes, okay.

Senator CONROY—Not across Australia.

Senator HUMPHRIES—I understand that. Across large parts of Australia.

Senator CONROY—Across five capital cities.

Senator HUMPHRIES—Do you see any need for government to step in to replicate that kind of infrastructure rollout?

Mr Lyons—Sorry, could you repeat your question?

Senator HUMPHRIES—Yes. Given the rollout to extensive areas of Australia by at least G9, probably by Telstra as well, can you see any need for government to step in to replicate or reproduce that kind of rollout?

Mr Lyons—That would be a question of policy for the government.

Senator HUMPHRIES—I think the answer is fairly obvious. All right, I think that is all the questions I have got. Thank you.

CHAIR—Thank you. Senator Conroy?

Senator CONROY—Thank you. Seeing as we have got the government's—

Senator NASH—I have got some questions about fibre to the node. Are you going to go onto that?

Senator CONROY—I was just going to keep chatting about that.

Senator NASH—I will go after you.

Senator CONROY—Thank you.

CHAIR—Or you can intersperse. You may be able to intersperse a little, but there we are.

Senator NASH—Interspersing I think may happen.

Senator CONROY—Seeing as we have the government's experts on fibre to the node and the OECD statistics at the table, I thought I might keep going in those areas. Did you spend much time preparing for estimates in the last week?

Ms Scott—We have got multiple folders that are very extensive.

Senator CONROY—Absolutely.

Ms Scott—I have not been in a department that does not prepare extensively for estimates, and I think this department—I have only been in it 14 days, but it seems to be very thorough in its preparation.

Senator CONROY—A very thorough one, thank you. Have any of the officers ever before prepared a brief on OECD statistics?

Ms Holthuyzen—Yes, we have.

Ms Scott—Yes.

Senator CONROY—We have had a lot of questions on them in the past?

Ms Holthuyzen—I think we have had questions on the OECD statistics.

Senator CONROY—On broadband?

Ms Holthuyzen—On broadband, yes. We have had lots of questions on broadband statistics and OECD tables and—

Senator CONROY—I am pleased. I just want to make sure you are ready.

Ms Scott—It is one of their major programs.

Senator CONROY—Is the minister coming back at any stage?

Ms Scott—The minister is at the moment making the arrangements for Senator Fielding, I think.

CHAIR—And yourself, Senator Conroy.

Ms Scott—My recollection, Chair, was that she did ask the permission of the committee to be away while she made those arrangements.

Senator CONROY—The minister issued two media releases on the accuracy of the OECD figures last week. I just want to start off by asking: is the department involved in any way in the compilation of these figures?

Ms Scott—The OECD figures?

Senator CONROY—Yes.

Ms Holthuyzen—In relation to the figures, the OECD in the past, until recent times, has used ACCC figures. The ACCC used to produce a report which they no longer produce. The OECD, when they were compiling the latest statistics, were wanting to update the information and the ACCC were no longer releasing those statistics, and so the department assisted the OECD and pointed them towards the ABS statistics in terms of the provision of information.

Senator CONROY—My recollection is the ACCC only in very recent times started producing reports in this area, at the direction of the minister, in fact, and, as others have discussed and I have discussed, the minister has cancelled the ACCC's collection.

Ms Holthuyzen—No, that is not quite accurate.

Senator CONROY—I thought the ACCC started in 2003, at the direction of—

Ms Holthuyzen—No, the ACCC have been producing statistics off their own bat for some time. The minister did have a ministerial direction to the ACCC. That ministerial direction was never finally implemented because the industry, in particular, felt that it was too onerous in terms of the information it provided, and so that is why the minister withdrew that direction. The ACCC made a decision then not to continue on their series of statistics because

in fact the ABS, the Bureau of Statistics, actually has a series of statistics which is, I guess, more comprehensive and covers a wider range of carriers than the ACCC statistics did.

Senator CONROY—The department have not participated previously in collecting information for the OECD, other than the very recent one?

Ms Holthuyzen—No, other than passing that information on. We have had, obviously, ongoing discussions with them, as Mr Besgrove said, about the nature of the information, the methodology that the OECD uses.

Senator CONROY—Are you telling me that the department has not in the past compiled information for the OECD at all?

Ms Holthuyzen—Not for the OECD, not to my knowledge.

Senator CONROY—You do not compile it?

Ms Holthuyzen—No. I think they have always in the past, over the last little while, used the ACCC statistics and now they are using the ABS statistics. That is my understanding.

Senator CONROY—Have they contacted the ACCC direct or have they come through the department?

Ms Holthuyzen—I think they came through the department, yes.

Senator CONROY—So you have compiled them?

Ms Holthuyzen—No, we have not compiled them. We have pointed the OECD in the direction of the ABS statistics and said these are the statistics—

Senator CONROY—You supplied them?

Ms Holthuyzen—Probably. I am not quite sure what you mean by ‘supply’.

Senator CONROY—You passed this information on?

Ms Holthuyzen—Yes, but we are not changing the statistics. I mean, we are facilitating the process.

Senator CONROY—No, let us be clear.

Ms Holthuyzen—We are facilitating the process.

Senator CONROY—I am trying to establish whether they passed through your hands on the way—and the answer is actually yes?

Ms Holthuyzen—The answer is yes.

Senator CONROY—You have supplied data to the OECD for the compilation?

Ms Holthuyzen—We have supplied ABS data to the OECD.

Senator CONROY—Whether it is ACCC or ABS, your department has actually passed this information to the OECD at the OECD’s request?

Ms Holthuyzen—Yes.

Mr Besgrove—We have supplied data according to an OECD methodology. It is a methodology which we have had some reservations about and we have certainly conveyed

those reservations. But in the interests of collaboration with the OECD we have been supplying data.

Senator CONROY—Your department has been forwarding these statistics four times a year since 2001—would that be 24 times?

Mr Besgrove—I do not know the answer to that; I will have to take that on notice. I know that we have been supplying data; I do not know with what frequency.

Senator CONROY—It is collected four times a year, I understand. You are an expert on the comprehensive analysis of them but you do not know how many times you pass them on?

Mr Besgrove—Sorry, the data is provided by a different part of the department.

Senator CONROY—You mentioned that you raised questions about the methodology of the OECD's reporting. When was that?

Mr Besgrove—There have been several occasions. I raised it informally with OECD secretariat members last year. It was also raised by my colleague Dr Judith Winternitz in discussions with the OECD secretariat when the latest report was being prepared, and I also made a couple of interventions at the March meeting of the information and communications policy committee meeting in the Hague. At the time that I made those interventions—

Senator CONROY—Did you say that was in March this year?

Mr Besgrove—March of this year. That intervention was also supported by the United States delegation. The US also has some concerns about methodology, but they are of a slightly different nature from the Australian concerns.

Senator CONROY—For the first, let us be kind; 22 times you supplied the information. You made no commentary whatsoever on the methodology but, for the last two, which covers the sort of time frame of six months, that is when you raised the questions?

Mr Besgrove—I do not think it is as clear as that. We have been raising concerns for a while.

Senator CONROY—I have asked you to specify when and you have specified when, and you have not indicated they were earlier than late last year.

Mr Besgrove—No, I first raised these concerns earlier than late last year.

Senator CONROY—You said informally.

Mr Besgrove—Yes, it was informally.

Senator CONROY—When was that?

Mr Besgrove—I think it was in the earlier meeting. The OECD meets twice a year.

Senator CONROY—The only times you have raised it are in the last 12 months?

Mr Besgrove—That would be correct, yes.

Senator CONROY—I will be generous. For the first 21 times that you supplied this information, you raised no questions whatsoever about the methodology? Sorry, Mr Besgrove, you are being interrupted.

Ms Holthuyzen—No, we are just checking. We have not been providing the information over the last 22 months.

Senator CONROY—So it is supplied?

Ms Holthuyzen—Supplied—no. We have had these discussions with this last round of information when the nature of the information was moving from the ACCC to ABS.

Senator CONROY—I accept that.

Ms Holthuyzen—No, but in the past I think the OECD has gone directly to the ACCC and the information has not come—

Senator CONROY—I thought you said you supplied them.

Ms Holthuyzen—No.

Senator CONROY—Can we get a straight answer? Either you supplied them or you have not?

Ms Holthuyzen—No, I said that in the last round when the nature of the information changed—I think the answer is that we facilitated the provision of that information in the past.

Senator CONROY—That is not what the earlier evidence was. I do not mind if you want to change it, but do not try to pretend that that was not the evidence.

Ms Holthuyzen—No, I think we were saying before that we were not sure. My understanding is that we had not provided it directly in those previous times that they got that information directly from the ACCC.

Ms Scott—I am now recalling the exchange. You asked about the 24 times. The officer said it was not his area that supplied the information and Ms Holthuyzen indicated that we facilitated the provision of the information—

Senator CONROY—You are doing a great job if you want a job as a Hansard reporter. Just do not verbal me along the way. Let us be perfectly clear. You are not giving an accurate recollection of what happened. I am happy to come back to you next week with the *Hansard* when it is printed.

Ms Scott—I am trying to assist the—

Senator CONROY—You are not assisting at all if you are verballing me.

Ms Scott—I am trying to assist in that I do not think the—

CHAIR—Senator Conroy, please. Give the secretary an opportunity to make her point.

Ms Scott—officer had said that he had been responsible for supplying—

Senator CONROY—I did not say he had. I said the department—

Ms Scott—In fact, he indicated he had not.

Senator CONROY—Thanks for clearing that one up.

Ms Scott—Thank you.

Senator CONROY—You have now answered a question no-one asked. Congratulations.

CHAIR—Senator Conroy, that is not an appropriate response.

Senator CONROY—What was conceded was that the department had supplied it. Mr Besgrove indicated—

Ms Scott—No, I do not think he actually answered that either.

Senator CONROY—No. Sorry, can I finish?

Ms Scott—I am only trying to assist.

Senator CONROY—You would assist more by letting me finish. Mr Besgrove accepted, though he could not confirm, 21 since 2001.

Ms Scott—Twenty-four.

Senator CONROY—Twenty-four times. I accept that that is an agreement between us.

Ms Scott—Yes.

Senator CONROY—But at no stage did he try to suggest, as is now being suggested—and as I said, if you want to change your evidence, that is fine; I am just not going to let you get away with pretending that you did not give the evidence. If you want to try to now say that the department was not part of the collection process for the OECD data, I am happy for you to say that.

Ms Scott—I am not sure if anyone on this side of the table has said at any stage this afternoon—I have not heard them and they can correct me now if I am wrong—that the department supplied the information 24 times. We would need to take that on notice. No-one here, even though they are experts in the area, is aware—

Senator CONROY—They are brilliant experts. I have had a lot to say about them.

Ms Scott—of providing the information 24 times. We are just trying to be as accurate as we can be.

Senator CONROY—I know exactly what you are doing.

Ms Scott—No-one here is saying that we supplied the information 24 times.

CHAIR—You made that assumption, Senator Conroy.

Senator CONROY—No, I did not.

Ms Scott—I think that is what—

Senator CONROY—Let us be clear—

CHAIR—That was implicit in what you said.

Senator CONROY—I am asking whether the department has been involved in compiling the information over the last few years. My understanding is that it has been compiling it since 2001, roughly. I will accept that it may not be exactly 2001. No-one has challenged that. If someone wants to challenge that, I am happy to accept that.

Ms Scott—We are not challenging it. We are not doing anything other than to say that we have—

Senator CONROY—No, you are trying to say, ‘It might be only 22 times and therefore I do not have to answer any of your questions, Senator Conroy.’ That is what you are actually doing, Ms Scott.

Ms Scott—I do not think I am doing that, either.

Senator CONROY—I think that is exactly what you are doing. If you just leave Mr Besgrove to continue answering the questions, we will be doing fine.

Ms Scott—You indicated at some stage that—you made reference to 24 times. I do not think we have ever been able to—

Senator CONROY—No.

Ms Scott—We have not been able to confirm—

Senator CONROY—I am not asserting you can confirm 24.

Ms Scott—No, we cannot confirm 24.

Senator CONROY—No. You cannot also confirm that you have not been involved in the process of compiling. You have. You actually have.

Ms Scott—It is just difficult to answer your question about 24 times when we cannot indicate whether it is 24 times.

Senator CONROY—I repeat: I accept you have not confirmed 24 times.

Ms Scott—Thank you.

Senator CONROY—What I am not going to let you get away with is trying to muddy the water by pretending you have not been compiling them. You actually have been compiling them.

Ms Scott—We have indicated that we have facilitated the provision of information to the OECD. You have asked a series of specific questions making reference to 24 times. We are not in a position this afternoon to indicate whether our involvement related as you have characterised it. I just want for accuracy to indicate that.

Senator CONROY—No, you do not. You are trying to do anything but be accurate.

CHAIR—Senator Conroy—

Senator CONROY—Let us be absolutely clear. You are trying to deliberately muddy the waters.

CHAIR—You are going a bit too far. Let us just accept what the secretary has said and move on.

Senator CONROY—No, I am sorry. I am not going to accept what the secretary says, because she is trying to smear the actual answer.

CHAIR—I think the time has come. Be careful, Senator Conroy.

Senator CONROY—Her department, which she has just taken over two weeks ago, has been involved in facilitating, compiling—I do not mind which word you use. What you cannot get away with is trying to pretend that for the last three, four, five years your department has done nothing to complain about the results, except the last two times when the OECD has met, because the minister does not like the statistics. That is the truth of what has happened.

CHAIR—That is the spin you are putting on it, Senator Conroy.

Senator CONROY—Your department has been going to the meetings over these statistics.

Senator NASH—In your view, Senator Conroy.

Senator CONROY—Your department has been going to the meetings. If they have not told you that, I am sorry. I accept you have just started. But your department has been in it up to its neck, facilitating on this basis.

CHAIR—Senator Conroy, that is right over the top and it is quite inappropriate. Let us move on.

Senator CONROY—The first time, Mr Besgrove, that you have raised with the OECD, either informally or formally, the department's concerns about methodology was last year, did you say?

Mr Besgrove—To the best of my recollection it would have been at the time of the March meeting last year, and I do not recall the precise dates, so we would have to get back to you on that. That reflected some growing concern about the approach the OECD took and the comparability of the information being supplied by different countries.

Senator CONROY—It is fair to say that, for the preceding number of years, whether it is six or five or four, the department raised no objections?

Mr Besgrove—If I could clarify my earlier answer, I said that I would have to take that on notice because I did not know the detail of the department's involvement in the preceding years.

Senator CONROY—The minister seems to think that the OECD figures are obviously wrong to anyone who looks at their data collection practices. In fact, she stated in her media release:

Under no measure does the OECD's 16th position assessment stack up and once pulled apart by Market Clarity, the flaws are so obvious it's like comparing apples and pears.

Given that the department was involved in the compilation of the data for this report, why were these obvious flaws not noticed earlier?

Mr Besgrove—We have been concerned about some of these issues for some time, and I have been trying to make clear that we have been concerned.

Senator CONROY—For two meetings?

Mr Besgrove—That is a period of time.

Senator CONROY—You said that one of those was informally?

Mr Besgrove—Yes. I would like to make a distinction here. We have some concerns about the Australian data. We think the OECD has understated the true position in Australia. That is one set of concerns. But by and large we think the Australian data is probably quite robust since it is deriving from robust sources. Our second concern arises from the comparability of the data. We do not have the same confidence in the data of other countries that the OECD is drawing upon in making these comparisons. It is the combination of those two concerns that leads us to question the validity of the comparisons.

Senator CONROY—The minister also stated in her release:

Market Clarity said today the OECD rankings were assessed by counting the number of Internet connections that were faster than just 64 Kbps.

Over the last seven years, when the department was compiling or facilitating data to the OECD for the preparation of these statistics, did the OECD require the department to provide data relating to the number of internet connections in Australia faster than 64 kilobytes? What was the information they requested?

Ms Scott—Can you repeat your question, please?

Senator CONROY—I think Mr Besgrove got it okay.

Ms Scott—I think he was talking. Can you repeat your question, please?

Senator CONROY—When the department was facilitating or providing the data to the OECD for the preparation of these statistics, did the OECD require data relating to the number of internet connections in Australia faster than 64 kilobytes? What did they actually ask you to facilitate?

Mr McCormack—The Australian data was based on the ABS definition.

Senator CONROY—I am asking: what did they ask you to facilitate?

Mr McCormack—I am sorry, can you say that again?

Senator CONROY—What did they ask for as opposed to what you supplied them?

Mr McCormack—What has happened in the past is that, whilst they may have consulted with the department, the ACCC data is available on the ACCC website and the OECD also has, to the best of our knowledge, a link already with the ACCC. They liaise directly with them and take the data off the website. The data that was on the website was based on the ABS definition since at least 2003, and that definition had a minimum speed of 256 kilobytes.

Senator CONROY—They were asking for 256 and were getting 256, so when did you start noticing that they were getting information from Australia of less than 256?

Mr McCormack—No-one has said that they were getting information from Australia of less than 256.

Ms Scott—It is about other countries with less than 256.

Senator CONROY—I am just making sure that we have not been supplying the wrong information.

Ms Scott—In Mr Besgrove's answer he pointed out the two concerns relating to the OECD.

Senator CONROY—Thank you. You are anticipating my questions. I am a bit slow, so if you will just let me keep working through, even though you have already answered some of my questions, I will ask them as I go along.

CHAIR—Please proceed without making these sorts of comments.

Senator CONROY—It goes on to state that the OECD communications analysis, Taylor Reynolds, has publicly stated that the OECD only collects data about broadband services faster than 256 kilobytes and:

The OECD is very clear about the technologies we accept as broadband and those we do not when we request data. We are very clear about setting the standard at 256 kilobytes.

That is the OECD's statement. Does this square with your experience?

Mr McCormack—No. As I mentioned earlier on, Taylor Reynolds, the OECD analyst, has clarified the point that we made earlier on, which is that, when Market Clarity did its assessment, it based it on the June 2006 data. At that point the OECD did consider connections below 256. However, since the December data and including that December data, they only look at 256 kilobytes. When Taylor Reynolds says, 'We are only looking at 256 kilobytes,' he is correct, but he is talking about the December data. Market Clarity did its report based upon the June 2006 data.

Senator CONROY—I am a bit confused about something you said in your last answer, because I am trying to understand the process. On the one hand you are saying that the department facilitates the information to the OECD, but on the other hand you then said—and this is what Ms Scott and Mr Besgrove said; I am just trying to understand—no, they go direct to the ACCC's website.

Mr McCormack—My area does not handle this. We highlighted that earlier on. The ACCC publishes its data. It also has an engagement with the ACCC, as it has an engagement with DCITA. When it is preparing things there is often informal contact between agencies. That is to be expected.

Senator CONROY—Are you talking about you and the ACCC at this stage in the informal contact or are you talking about you and the OECD? Which agency are you talking about?

Ms Holthuyzen—The reason that the department became involved in this round was that the ACCC data was no longer being produced, and so the OECD came to the department to facilitate that process and that was when we directed them to the ABS. We have just been getting some further information, but our understanding is that prior to that the OECD dealt directly with the ACCC in terms of getting the data.

Senator CONROY—Your testimony is that your department had no role whatsoever, no contact?

Ms Holthuyzen—I am not suggesting that we had no contact at all. In terms of their compiling those reports—

Senator CONROY—I think Ms Scott suggested the word 'facilitate'.

Ms Holthuyzen—That is right. We certainly facilitated this last round because there was a change of data and there is no doubt that we may have had contact with them.

Senator CONROY—That is the last 12 months. I am trying to go back.

Ms Holthuyzen—Prior to that, they tended to use the ACCC information, which is not to say that they may not have contacted us.

Senator CONROY—You actually do not know, do you? When you say that, you actually do not know that is a fact.

Ms Holthuyzen—That is our understanding of how the process works.

CHAIR—Come on, Senator Conroy. This is the third episode where you are going over the top.

Senator CONROY—You think that is what happened?

Ms Holthuyzen—Yes, we think that is what has happened.

Senator CONROY—You think that is what happened, but that does not make it a fact.

Ms Holthuyzen—No, but that is other people's recollections who have dealt with this.

Senator CONROY—I am happy for you to take it on notice. I am actually trying to determine—

Ms Scott—Chair?

CHAIR—Yes, Ms Scott?

Ms Scott—We have tried this a number of times. The people at the table have indicated a number of times that we cannot answer the question about the last 24 occasions, but we have been clear about what has happened recently. We have indicated that we can take it on notice.

CHAIR—Yes, and that is quite reasonable.

Senator CONROY—I just said you could take it on notice.

CHAIR—Let us take it on notice and move on. The staff cannot provide the answers that you want, and that has been said several times. Let us accept that and continue with another subject perhaps. Unless you would like to rest and we can have Senator Nash—

Senator CONROY—I will decide which subjects I ask the questions about.

CHAIR—Your time is virtually up, anyway.

Senator CONROY—I will cede to Senator Nash. But I will decide what questions I ask in my 20 minutes.

CHAIR—I suggested that you might like to consider—

Senator CONROY—I would suggest you resign, but that is not going to make any difference, is it?

CHAIR—Absolutely none, I assure you.

Senator CONROY—Right; the same applies.

Senator NASH—I have some questions about fibre to the node. Forgive me if my questions are very regionally based. I do not particularly care what happens in the cities, because I think the market will take care of it there and it does not need any government funding. I have technical questions about fibre to the node and I am not quite sure who to direct these to. It is obviously only to the node. We have still got node to the home or premises. What length of copper can carry a reasonable broadband rate? Obviously the fibre up to node is going to be fantastic. How far in the copper can it go at that same level or still at a very high rate?

Mr Bryant—My understanding of the architecture of most of the fibre to the node models that have been put forward is that approximately 1.5 kilometres from the node—cable length and not necessarily radial—is the length that would allow sufficient capacity over the

network. I think that is the 12 megabytes per second kind of number that people are looking at.

Senator NASH—If we look at regional townships, how far out of what we would call the town itself would you find nodes?

Mr Bryant—The actual concept of fibre to the node is probably not that relevant to smaller regional townships, because the whole point of fibre to the node is to get fibre out to a cluster of premises that enables sufficient density of coverage in that 1.5 perimeter that I was talking about to provide a business case in order to provide high-speed services. If you think about the structure of most smaller regional towns and cities, at 1.5 kilometres out from the exchange you would be hard pressed in a town of, say, 5,000 people to find sufficient density of housing to warrant doing that.

Senator NASH—That is very interesting. So even for a larger township of, say, 10,000—and again this is technically probably a very basic question—how far outside of the centre would you find a node, if at all?

Mr Bryant—It goes entirely to the business case for doing that kind of infrastructure upgrade. The only point of rolling out to a node is to enable you to deliver a higher speed service to a cluster of premises. You have to have sufficient premises covering that node away from the exchange, however far it is, to warrant undertaking that infrastructure upgrade. As to the point where that becomes viable or non-viable, I could not possibly say. It is not something that I would even venture to guess at. But conceptually that would be the case.

Senator NASH—It is really only suitable for metropolitan areas and extremely large regional centres?

Mr Bryant—That would be a fair description.

Senator CONROY—Are you—

Senator NASH—It is my turn, Senator Conroy. You have been chatting and yabbing all day.

CHAIR—Senator Nash has the floor, Senator Conroy.

Senator NASH—I have the call, Senator Conroy.

CHAIR—Senator Nash has the floor.

Senator NASH—Just ignore him. That being the case, then, there seems to be very little benefit in a fibre to the node for what I would say are my constituents in regional New South Wales. That is a comment. My next question is related in some way around the Communications Fund. Again, I do not know who to address this to. Could you just outline for the committee the reasons the Communications Fund was set up?

Dr Hart—The Communications Fund was established under the same legislation that provided for ongoing reviews of regional Australia, and it was essentially established to provide an income stream to fund the government's response to those reviews.

Senator NASH—Which reviews are you talking about?

Dr Hart—It is the ongoing reviews of the adequacy of regional—

Senator NASH—The ones that will come up.

Dr Hart—The successors, if you like, to Estens, the telecommunications services review and regional services—

Senator NASH—It is basically funding put in place to deal with potential rural and regional telecommunications delivery of funding?

Dr Hart—Exactly.

Senator NASH—Does the department have a view on what services are likely to be unavailable—I suppose this is coming at it from the other side—or would not be available, which is a bit hypothetical, if that fund was not there? Is there anything perhaps that the department is planning for in the future for regional telecommunications services that you have in mind that you are either planning for at the moment or looking to plan towards to come out of that fund that you would not be able to implement if the fund was not there?

Dr Hart—The first thing to say about the review is that it is not required to commence until before the end of 2008 or by 2008. It is early days in terms of making any assessment about the current adequacy of services. The other thing is that it is the outcome of an independent review committee.

Senator NASH—Correct me if I am wrong, but when the Australian Broadband Guarantee runs out, that type of assistance going to regional areas might well come out of the Communications Fund?

Ms Holthuyzen—The minister might have mentioned that in a press statement or words to that effect.

Senator NASH—So it is quite possible that it might be used as something like that?

Ms Holthuyzen—Yes.

Senator NASH—I would like to draw the two things together, the fibre to the node and the Communications Fund. As we have seen, the fibre to the node is expressly suited for metropolitan areas and very large regional centres, and the Communications Fund is obviously there to ensure services for regional areas. It strikes me that, if you take the Communications Fund away and fibre to the node is only going to serve major centres, there is going to be no way of getting funding for broadband for regional areas. Would that be correct?

Ms Holthuyzen—There is of course the existing programs under Broadband Connect. There is obviously the Australian Broadband Guarantee, which you spoke about, but there is also the other Broadband Connect incentive scheme, which is just now being wound down and turned into the Australian Broadband Guarantee. There is also the Broadband Connect Infrastructure Program, which the government is currently considering in terms of the money that came out of the Broadband Connect program. That is a \$600 million infrastructure program that is planned for regional and rural Australia. That will be part of the mix of services going forward as well.

Senator Coonan—Can I just interrupt?

Senator NASH—Yes.

Senator Coonan—I am very sorry to interrupt you. Mr Chairman, could I have the call for a moment, please?

CHAIR—Of course.

Senator Coonan—Thank you. Following my exchange with Senator Fielding—and I am glad he has come back; I do take this very seriously—I have received some advice from the parliamentary computing network operators, the Presiding Officers, which I will table as to the position in relation to APH computers. It states:

“I am advised that the Parliamentary Computing Network is maintained by the Department of Parliamentary Services for a variety of categories of users at Parliament House and other sites (principally electorate offices).

Users are:

- Senators and Members of the House of Representatives;
- Their staff employed under the Members of Parliament (Staff) Act 1984;
- Employees of the three parliamentary departments, employed under the Parliamentary Service Act 1999;
- Volunteers working in Senators’ or Members’ offices, expressly authorised by the relevant Senator or Member; and
- Certain relevant staff of the Department of Finance and Administration.

Content filtering policies are in place for all staff of the three parliamentary departments (with special exceptions for certain Parliamentary Library staff working on specific research tasks, for which protocols are established), similar to filtering policies which operate in Government departments.

The then Presiding Officers some years ago determined that content filtering software would not apply to the computers used by Senators or Members, or their MOP(S) Act staff.

Any Senator or Member is able to make an approach to the Presiding Officers for that policy to be reconsidered.”

Mr Chairman, you will appreciate that government policies do not automatically apply to parliament unless the President and Speaker, or the relevant house, so determines.

I will table that statement. I will also, for the record, say that the departmental computers in my ministerial office are filtered and I can say having checked with the National Library that they also have filters. So I do not know what value there would be in our having a look at them, and I do not propose to.

CHAIR—Thank you, Minister.

Senator FIELDING—Chair, I would like to seek the call.

CHAIR—We are tabling these documents, and they will be distributed. We are about to break in any case and you have an arrangement with the minister, I believe?

Senator FIELDING—That is right.

CHAIR—The minister did not say that, I do not think, but we can ask for clarification. Minister, are you still undertaking the arrangement with Senator Fielding?

Senator Coonan—I just said that there is no point, because the ones I have are all filtered.

Senator FIELDING—What about going back to your office to show you the material, as I said I would? You agreed that I could come back to your office?

Senator Coonan—My computers are filtered, so there is no point. You were talking about APH filters? I have depletter filters.

Senator FIELDING—No, I was talking about the material that is accessible.

Senator Coonan—You cannot access it from my office. I have just said that.

CHAIR—She has a filter.

Senator FIELDING—I know that, but I—

Senator CONROY—Why do you not want to go to the—

Senator Coonan—Because I have filters on my computer.

Senator CONROY—You could go to the library, as you accepted Mr Fielding's challenge.

Senator Coonan—They are also filtered.

Senator FIELDING—I am more than happy to go down there and I am more than happy to go back to your office to show you what you can get.

Senator Coonan—I think we have made a definitive statement about the filtering available on APH computers. I have checked; my computers are filtered. The departmental computers are filtered and the National Library has filters, so I cannot see the utility, and I think it is far too important to treat it as a stunt.

Senator FIELDING—A stunt? I did not offer. I did not offer to go down and see them. You are the one who said to go down. It is not a stunt. I think this is just a stunt in itself.

Proceedings suspended from 3.45 pm to 4.05 pm

Senator NASH—I have some final questions around the regional telecommunications review. Is everybody back?

Ms Scott—We have the relevant officers here.

Senator NASH—I am sorry we did not manage to finish this off before the break. I have only about another two questions. What would be the criteria for regional reviews, and who will do them? Has that been planned at this stage?

Dr Hart—It has not. We are just in the early stages of thinking about the planning. In the past the department has facilitated it but as a separate entity because it is an independent review.

Senator NASH—If there is no communications fund, how do the recommendations from those reviews get funded?

Ms Holthuyzen—They will have to be funded from the budget directly. What the communications fund does, I think, is ensure that there is an ongoing stream of money available to fund those reviews, but the government obviously still has to make a decision about the funding.

Senator NASH—So if the communication fund goes, it then has to come directly out of the budget. That makes it pretty hit and miss in any given year whether or not regional

Australia is going to be lucky enough to get any funding, as opposed to the communications fund which guarantees a stream of funding to service those recommendations—would that be right?

Senator CONROY—That is a policy—

Senator NASH—If you had listened to the end of it you would have heard that I said, ‘Would that be right?’ They are running the reviews; they know how that is going to be funded. It is a completely fair question.

Ms Scott—It would be a matter for the government of the day.

Senator NASH—Thank you, Chair, I am finished. Thank you very much.

Senator CONROY—We have lost the minister again. Is she organising a porn fest again? Have we got a new porn fest?

CHAIR—All right, senator.

Senator CONROY—Did she ask permission this time, Ms Scott? You were very informative last time, Ms Scott, about the minister’s availability.

CHAIR—Let us just get to your questions.

Senator CONROY—Can you not hear me, Ms Scott?

Ms Scott—I am sorry. Could you repeat it, please?

Senator CONROY—I was asking if you knew where the minister was. You were very informative earlier about the minister.

Ms Scott—I was simply recalling that the senator had indicated that she would need some time in order to respond to Senator Fielding.

Senator CONROY—She is not having a private porn fest with Senator Fielding and has not invited me?

CHAIR—Senator Conroy, we can probably move on without the minister.

Senator CONROY—Actually, normally the understanding is that, unless there is an agreement, the minister is supposed to be at the table. That is actually the purpose of parliamentary estimates.

Senator WEBBER—Particularly when it is her department.

Senator CONROY—I am happy to move on but I am just pointing out to you that that is actually the position. If asked, usually people say, yes, that is fine.

Senator WEBBER—There was an agreement that she could be late because she was going to the library.

CHAIR—Senator Conroy, we all know that we often do not have a minister here.

Senator CONROY—As I said, I am happy to move on. I was just asking the witness knew where the minister was.

CHAIR—If you are happy to move on, let us do so. Here is the minister now.

Senator CONROY—Let us be fair. There are occasions when I actually like to ask the minister questions.

CHAIR—I know. I was going to suggest we could save them up until the minister came back but the minister has come back. All is well, so we can proceed in the usual way, if you would like to start your questions.

Senator CONROY—Thank you. In the last week, the minister claimed a key telecommunications analyst, Market Clarity, debunked the OECD's figures. I am interested in why the minister would describe this firm as a key telecommunications analyst. Does anyone have any knowledge of said company? Any takers? Minister?

Senator Coonan—There is no evidence that they are not a credible source.

Senator CONROY—I am just asking on what basis you described Market Clarity as a key telecommunications analyst.

Senator Coonan—There is no evidence that they are not a credible source.

Senator CONROY—I am just asking: on what do you base the claim that they are credible? I am just asking: do you know about them?

Senator Coonan—Yes, I do. I know most people in the industry and I can give you CVs of the principals, if you wish.

Senator CONROY—I did not know you had them that handy.

Senator Coonan—No, I do not have them here, but I can certainly get them.

Senator CONROY—Has the government purchased any services from Market Clarity in the past?

Senator Coonan—I think we have.

Senator CONROY—What would they be?

Senator Coonan—I am not sure, but I have a recollection that they have some government involvement.

Senator CONROY—Do they have current government involvement?

Senator Coonan—Maybe. I will just have to check that.

Senator CONROY—Thank you. Do you think you will be able to find out this afternoon?

Senator Coonan—Yes. I think we can check quickly.

Senator CONROY—Could I have a breakdown of all past and present government contracts with Market Clarity and could I also have a breakdown of all past and present government—

Senator Coonan—We will not be able to do that because they are only fairly new. They are reformulated—

Senator CONROY—That is all right. You have anticipated my next question. Can I also have a breakdown of all past and present government contracts with the firm's predecessor, Telsyte.

Senator Coonan—Yes.

Senator CONROY—Just reading again from the press statement, the minister says:

The Market Clarity report provides a new and robust assessment of Australia's broadband performance.

Did the department review this report before the minister made this statement? Are any one of the six departmental officials at the table listening? It is T-e-l-s-y-t-e. I will read again from the press statement. The minister said:

The Market Clarity report provides a new and robust assessment of Australia's broadband performance.

Did the department review this report before the minister made this statement?

Ms Holthuyzen—We will have to take it on notice.

Mr McCormack—We would have to take that on notice. As we explained earlier on, the area of the department that would normally undertake—

Senator CONROY—But you were all such experts on the OECD report earlier—the world's leading experts was the impression I got from your analysis of the OECD report earlier.

Senator Coonan—There was a timing issue, in all fairness to the department. It was—

Senator CONROY—I do not think they got a chance, to be honest.

Senator Coonan—It was embargoed and then it was made available. They need to take it on notice.

Senator CONROY—Did you have an embargoed copy, minister?

Senator Coonan—I do not have a copy but I had an advance meeting and—

Senator CONROY—I am sorry, I did not hear you.

Senator Coonan—I had a briefing.

Senator CONROY—You had a briefing?

Senator Coonan—I did not actually have a copy, but I had a briefing.

Senator CONROY—Who did you get the briefing from?

Senator Coonan—From the principal.

Senator CONROY—When was that?

Senator Coonan—I cannot remember; a few days beforehand.

Senator CONROY—I will follow up after you take that on notice, obviously. Did the department provide any advice to the minister about whether this report was in fact a robust assessment of Australia's broadband performance?

Ms Scott—We will take it on notice.

Senator CONROY—In the department's view, would a report have to seek a response from a body it was attempting to criticise in order to be robust?

Ms Scott—Not necessarily.

Senator CONROY—It would just seem to me a pretty fundamental part of any research process that if you discovered major flaws in what someone else was doing you would ask that person for an explanation as part of a robust process.

Ms Scott—The reason I said ‘not necessarily’ is because I am just thinking of the way information is sometimes presented. They outline their methodology and you can establish reasonably quickly whether it looks sound or not. So I think it would depend upon the circumstances.

Senator CONROY—Did anyone in the department or the minister’s office contact the OECD to put Market Clarity’s criticisms of its broadband data to the organisation?

Ms Scott—We will take that on notice because it relates to the earlier questions.

Senator CONROY—Is anyone from DCITA seconded to the OECD at the moment?

Ms Scott—No.

Ms Holthuyzen—No.

Senator CONROY—You may not know off the top of your head, but which government departments were involved—Treasury and Finance, probably?

Ms Scott—Treasury has an ambassador to the OECD but DCITA does not have a representative. We do have people who attend meetings, though. Mr Besgrove was explaining before that we do attend some key meetings.

Mr Besgrove—I wonder if I could just add to that. We attend meetings of the information and communications policy committees. We are also involved in four working parties of that committee which relate to telecommunications, information security and information economy issues and also we have just recently started attending the working party relating to information industry indicators.

Senator CONROY—I’ll bet you have. That sounds like a fairly close relationship with the OECD. I mean it is a lot of interaction.

Mr Besgrove—The attendance at that last working party in part reflects the growing concerns that I was referring to in my earlier answers.

Senator CONROY—I am sure it does. Just a day after the minister’s release, the OECD responded to Market Clarity’s criticisms. Did the OECD provide the department with a copy of its rebuttal of the Market Clarity criticisms?

Mr Besgrove—No, it did not.

Senator CONROY—Would you like a copy? Have you been able to track one down yet?

Mr Besgrove—We have seen the reports and we have subsequently spoken to the secretariat about this matter.

Senator CONROY—Just as a very brief summary for those who have not seen the report, the OECD stated that the Market Clarity report contained a series of ‘serious methodological and factual errors’, including findings that are ‘highly dubious and are likely the result of computational errors and/or a flawed methodology’ and omitted current official data sources. It goes on to say that many of the false assumptions on which the Market Clarity report is

based could easily have been cleared up had the firm contacted the OECD about its findings. Minister, does this sound like a robust report to you?

Senator Coonan—I think it is two different points of view, quite frankly, and I think that from what I have been able to ascertain from an objective perspective, without being a researcher or looking at data sources myself, it seems that we have hit a raw nerve with the OECD, quite frankly, which appears to not count things that we think are important. So I have also written to the OECD. I understand that the view is also shared broadly by the United States. That has been tabled. I gather that where we differ has been put on the record, but I think that there is a proper basis to ask the OECD to look at how they compile their data and how they report these matters. Rather than being critical, what we are interested in doing is working with the OECD, and that is precisely the spirit in which we have approached the OECD for their views as to how we can improve it.

Senator CONROY—Has the department provided advice to the minister about the OECD's rebuttal of Market Clarity's criticisms?

Mr Besgrove—We provided advice to the minister at the time that she prepared her letter to the OECD.

Senator CONROY—Would that have included the details or information about the OECD response?

Mr Besgrove—Yes.

Senator CONROY—I appreciate that was fractionally close to what you are unable to say. I appreciate that. I appreciate your answers. I do not think there was any surprise; it would have been a shock if it was not. I appreciate your answer there. The minister also stated last week that she would write to the OECD, and I think we have a copy of the letter now. Specifically the minister said she would raise the exclusion of 3G services from the OECD's broadband statistics with the OECD. I have had no chance to read the letter, but I presume that it is in the letter?

Senator Coonan—Sorry?

Senator CONROY—I have not had a chance to read it because it has only just been tabled a little while ago. I presume that specific point is included in the letter?

Senator Coonan—Would you like a copy of the letter?

Senator CONROY—No, I have one. I just have not had a chance to read it.

Senator Coonan—I just need to refresh my memory about it, but the letter was expressed broadly. The letter is framed in such a way that it would certainly be possible for them—I should look at all of it. I think we actually did mention it.

Senator CONROY—I think you said:

I echo these sentiments and I will shortly write to the Secretary General of the OECD raising similar concerns such as the omission of data on wireless access.

Senator Coonan—Yes, it is referred to.

Senator CONROY—You also said:

I will also be offering to continue to work with the OECD to broaden and improve the depth and the rigour of their reports to ensure that their representation of Australia's performance is measured more accurately against those of other OECD countries.

That was what you said.

Senator Coonan—Yes.

Senator CONROY—I am sure your letter reflects that.

Senator Coonan—Yes.

Senator CONROY—Minister, why do you want 3G take-up figures included in the OECD rankings?

Senator Coonan—What in fact is in it is fixed wireless, I am advised.

Ms Scott—The letter relates to the earlier answer from Mr McCormack that it was the exclusion of wireless that meant that 200,000 subscribers were effectively left out.

Senator CONROY—Can the department confirm whether Telstra's 3G service currently or has ever in the past attracted a subsidy under HiBIS, the Broadband Connect southern scheme or the Australian Broadband Guarantee?

Ms Scott—No.

Senator CONROY—Why does it not attract a subsidy?

Mr Bryant—It does not meet the standards or the definition of 'metro comparable', particularly around pricing.

Senator CONROY—Particularly around pricing, so it is too expensive?

Mr Bryant—That is correct.

Senator CONROY—So the Howard government does not think 3G provides good enough broadband to subsidise it because it is too expensive, but it wants the 3G services included in the OECD's broadband rankings.

Senator Coonan—No, that is not a conclusion.

Ms Holthuyzen—I think they are different. They are two different issues, I think. The issue of the broadband and the OECD statistics is the fixed broadband services that are provided under the 3G network; whereas I think what you are talking about is more the mobile services.

Senator CONROY—Which ones are you trying to include?

Ms Holthuyzen—The fixed broadband service provided as opposed to the mobile.

Senator CONROY—3G?

Ms Holthuyzen—Yes.

Mr McCormack—The reason for that is that if you were to include mobile services there is a danger of double counting.

Senator CONROY—I agree. I am just clarifying to make absolutely sure we are counting apples and apples, not apples and pears.

Ms Scott—Apples and apples.

Senator CONROY—Is the department aware of research—and this may go to the point—by analysts Parks Associates that finds that Australians are paying no more than an average of 4.6 per cent more for mobile broadband than they will for a fixed connection. Parks Associates broadband analyst, Michael Cai, states that the majority of internet users primarily access the internet at home and work and are unwilling to pay more for a subscription service that they will not use on a frequent basis and that this would seem to indicate that 3G is not a functional substitute for other kinds of primary broadband access.

Ms Scott—We might take it on notice. I mean: has the department been aware of a particular report? There may be a person in the department who is aware of this. We will take it on notice to ensure accuracy.

Senator CONROY—I just want to be clear, because the department's criticisms are slightly different now than Market Clarity's criticisms. I want to make sure we understand that your complaints are apples and Market Clarity's complaints are oranges. Is the minister aware that the OECD has previously taken a similar attitude to the appropriateness of the collection of 3G data? Instead of simply overlooking 3G data, as is implied by Market Clarity, the OECD has explicitly decided not to collect this information. OECD communications analyst Taylor Reynolds has previously stated: 'Mobile wireless is a viable platform. However, it should be seen as a complement not a substitute for wired broadband. Someone receiving 300 kilobits over a mobile network cannot access the same content and services as someone using 100 megabits connection in Korea and Japan.' I just want to be clear that when Market Clarity, which the minister endorsed so fulsomely, decided to attack the OECD, they were attacking the OECD over 3G not being included.

Senator Coonan—No. What we are asking them to include is wireless broadband such as WiMax.

Senator CONROY—No, I am agreeing with you. I am actually making the point.

Senator Coonan—That is what the letter reflects.

Senator CONROY—The problem is that you endorsed Market Clarity which is not making that point.

Senator Coonan—What Market Clarity did, as I have said a little earlier, I think is show that there are differences of opinion. I do not think that there is a definitive answer, quite frankly. I do not think the OECD has one and I do not know that Market Clarity has one; I do not think that you have one and I am not contending that we have one. What I do think is that we need to look at this data and to make sure that we are all on the same page so that it is objective, it is reliable and it is up to date—and, as you say, that it counts the right data. That is important.

Senator CONROY—I think we are in agreement, Minister, but I am just wanting to make sure—

Senator Coonan—No. I think we are clear—

Senator CONROY—that we all understand that Market Clarity's criticism was pasted on 3G.

Senator Coonan—Part of it was.

Senator CONROY—Not being included.

Senator Coonan—There was part of it there but I think in all fairness you probably should have a look at it because—

Senator CONROY—I have.

Senator Coonan—when you go through it, it is more than 3G. We could spend hours and hours arguing the toss on this and I do not think anyone has got the definitive answer. I think we all want it and the benefit of this discussion that we have had is that we ought now to be able to make sure that from Australia's perspective we count what should be counted and we get the most up-to-date material.

Senator CONROY—Are fixed 3G services subsidised?

Senator Coonan—No.

Senator CONROY—In the last set of OECD figures you said you were happier with the process because they had adjusted their data?

Ms Scott—Happier; not entirely happy.

Senator CONROY—I am sure you will not be until we are ranked No. 1, but keep trying. Where did we finish in the last set of figures, following the change in data sets which you were recommending?

Mr McCormack—We finished 16th—

Senator CONROY—We moved from 17th to 16th following the data change?

Mr McCormack—That is correct.

Senator CONROY—So we are still 16th even after you happily championed changing the data set?

Senator Coonan—We still have the fundamental problem of what you count—

Ms Scott—That is right.

Senator Coonan—and the speed you count, so it does not really get anybody very much further forward until we get it all lined up and then I—

Senator CONROY—Even when you get the data set changed.

Senator Coonan—think people can draw conclusions. But because, as I said somewhere else, people are treating these statistics as though they have been handed down on tablets of stone, I think it is appropriate that we have a look at them.

Senator CONROY—Given the shoddy quality of the work that Market Clarity have produced—

Senator Coonan—That is not a fair way to start a question.

Senator CONROY—are you putting in place—

Senator Coonan—That is not a fair question, Senator Conroy.

Senator CONROY—some measures to ensure that you get value for money in the contracts that you have—

Senator Coonan—Senator Conroy, we have taken on notice whether there are any—

Senator CONROY—Do you want to get your money back from the—

Senator Coonan—Senator Conroy, can you stop interrupting me if I am trying to deal with your question or else I will simply leave the table.

Senator CONROY—Feel free. You have walked out five times today.

Senator Coonan—It is inappropriate to start a question with aspersions on companies that have differences of opinion. You might not agree with it. Fair enough; nobody is asking you to. But I do not think it is a fair way for you to start a question. If you wish to rephrase it, I will deal with it.

Senator CONROY—I presume you will probably need to take this next question on notice. How many times have you, the minister, cited Australia's broadband take-up rate under the OECD figures in the past 24 months?

Senator Coonan—What?

Senator CONROY—How many times have you quoted the OECD in the last two years?

Senator Coonan—How many times have you?

Senator CONROY—No, I am asking you.

Senator Coonan—Well, I am asking you. That is an impossible question.

Senator CONROY—No, no. Do a quick search.

Senator Coonan—It is an impossible question.

Senator CONROY—I suggest that you take it on notice.

Senator Coonan—I am not going to take it on notice because I cannot possibly—

Senator CONROY—There is no need for this. Just take it on notice.

Senator Coonan—How can I say verbally how many times I might have used it?

Senator CONROY—I have said you can take it on notice, but you are saying you will not even take it on notice.

Senator Coonan—It is not something about which you could give an accurate estimate.

Senator CONROY—Given how many times you have spoken, I am sure you could. That is why you have a media monitoring unit.

CHAIR—Senator Conroy, the minister—

Senator CONROY—If the minister is refusing to take a question on notice, that is fine.

Senator Coonan—Absolutely.

Senator CONROY—In light of the minister's recent interest in broadband statistics, can the minister explain why she revoked the ministerial direction requiring the ACCC to collect data for its quarterly broadband snapshot?

Senator Coonan—To start with, I did not do that.

Senator CONROY—Would you care to tell us what happened?

Senator Coonan—No. I did not revoke anything to do with the ACCC.

Senator CONROY—The ACCC just decided to stop collecting the data itself?

Senator Coonan—The department can in fact answer this question better than I, but so far as I know, the ACCC came to the view that ACS statistics were a better set of statistics and in fact there was not much point in the way in which they collected them.

Ms Holthuyzen—We already answered that—

Ms Scott—I think I answered that question earlier.

Ms Holthuyzen—Earlier, yes.

Senator CONROY—Well, take me through the process.

Ms Scott—We answered the question earlier.

Senator CONROY—Maybe I was out of the room

Ms Scott—No, you were in the room

Senator CONROY—Okay. Well, maybe I was otherwise occupied because I did not ask the question, so I was not necessarily listening to the answers you were giving. So help me out here.

Ms Holthuyzen—I did answer the question. I think what I indicated was that the ACCC did cease to collect the statistics. They decided they were going on to collect those statistics because the ABS actually has a better set of statistics. They use a wider number of companies in terms of determining the statistics in relation to broadband. In relation to the ministerial determination that you were talking about, the minister had in place a ministerial determination but no statistics under that had been collected—and I think I mentioned this earlier—because a number of the companies found it too expensive and did not wish to provide the data in that way. There is not a connection between the revocation of the determination and the ACCC deciding not to collect the statistics because they were a different set of statistics.

Senator CONROY—Were you engaged in discussions with the ACCC about their statistical collection?

Ms Holthuyzen—We certainly were. The 12A determination had a lot of detail in it and there was concern about the detail in that. So there were discussions between us and the ACCC on that matter.

Senator CONROY—Going back to what we were discussing earlier for a moment, how many fixed, wireless and Next G services are there? The figure 200,000 has been bandied around so I am just interested—

Ms Holthuyzen—I can be corrected on this but I had a feeling something like 80 per cent of the 200,000 might be fixed. We can take it on notice, but I think that is accurate.

Senator CONROY—It has been put to me that it is a little bit less than that.

Ms Holthuyzen—It might be. We will take it on notice. That is my recollection.

Senator CONROY—I am asking how many in number.

Mr Bryant—The number of Next G services—

Senator CONROY—Fixed wireless.

Mr Bryant—fixed wireless compared to mobile wireless.

Senator CONROY—It has been suggested to me that it is a little bit less than the figure that is being quoted.

Ms Scott—If you have a source for your data, we can compare it with ours.

Senator CONROY—I appreciate your kind offer. I will keep my sources to myself.

Ms Scott—Okay. It is just easier if we have a source of knowledge—

Senator CONROY—I am not actually under questioning.

Senator Coonan—It would be nice to be liked occasionally, wouldn't it?

Senator CONROY—I am happy to cede to Senator Kemp, a known expert in the field of broadband.

CHAIR—Senator Birmingham, actually—

Senator KEMP—Gazumped again.

Senator CONROY—Gazumped again. You are such a wallflower, Senator Kemp. I cannot believe it.

CHAIR—Let Senator Birmingham have the floor.

Senator BIRMINGHAM—I would like to look a little more broadly at some of the government's broadband programs, and particularly turn back to Broadband Connect. Would you provide me with a bit of background on what led the government to investigate the switch from HiBIS to the infrastructure program of Broadband Connect?

Mr Bryant—That is really my bailiwick. The background to the Broadband Connect incentive program and, before it, the HiBIS program goes back to April 2004 when the HiBIS program was started as a result of a recommendation of the regional telecommunications inquiry in 2002. The design of the program really was aimed at doing two things: getting rapid rollout of broadband services that were comparable in price and quality to those broadly available in metropolitan areas—that is the concept of metro-comparable broadband service; and a secondary objective was promoting competitive supply of services in regional areas.

If you think back to 2004, at that time there was a thriving ISP business in dial-up services but not so much in the broadband space, so a specific aim of the HiBIS program was to do that. As a result of that the design of the program was really aimed at getting multiple providers into the scheme to be able to claim incentive payments for registered services they provided to identified underserved premises, premises that did not have access to a metro-comparable broadband service, and really aimed at getting rapid rollout of services and access to metro-comparable services in regional areas.

I think it is fair to say that that program was successful in terms of achieving that aim. I think our analysis shows that certainly in the order of 225,000 residential premises and small businesses across regional and rural Australia directly received a subsidised service as a result of both the HiBIS program and the Broadband Connect program. And as a result of the infrastructure directly rolled out as a result of those programs a further, we think, approximately one million, or slightly more than that, premises then had access to a commercial metro-comparable broadband service. That left us, last year I think, in a situation where there were still a number of underserved premises. We estimated somewhere between 600,000 and 700,000 in regional areas, but the problem of getting metro-comparable services to those premises had become more difficult, and the minister and the government decided to explore a different approach. We went out to a wide consultation process and, as a result, the government made a decision to go to a competitive grants program that was aimed at encouraging commercial investment and a small number of projects of large scale and scope to try and address those underserved premises in a more efficient way, given where we were up to in the process—and that is the Broadband Connect infrastructure program. It is important to stress that in terms of the government's competition objectives the way that that is proposed to be achieved through the Broadband Connect infrastructure program is to ensure that the core deliverable under that program is a wholesale broadband service and that wholesale open-access arrangements have been strongly encouraged in the guidelines. As you know, a decision has not been made on the outcome of that process, but, as the minister has indicated, that is underway.

Senator BIRMINGHAM—I assume there was industry consultation along the way on the switch from HiBIS to Broadband Connect?

Mr Bryant—Yes, there was extensive industry consultation in making the decision to move to a different approach, and under the Broadband Connect infrastructure program itself there was an expression-of-interest document and industry consultation around that document. Then once the guidelines were released there was industry consultation from prospective applicants as well to clarify and explain any issues around that.

Senator BIRMINGHAM—That consultation and feedback showed that industry was supportive of the change in approach?

Mr Bryant—I think very strongly supportive, yes.

Senator BIRMINGHAM—And they have embraced it obviously since?

Mr Bryant—Yes.

Senator CONROY—Didn't 20 ISP providers come to Canberra to visit?

Mr Bryant—I do not think that was in relation to that particular aspect.

Senator BIRMINGHAM—Have the objectives of Broadband Connect changed at all or evolved since its introduction?

Mr Bryant—I do not think the core objectives have changed at all. The core objective has always been to provide universal access in regional areas to metro-comparable broadband services. That has been the core objective. I think as rollout has occurred under the incentive program the focus of achieving that result has changed strategically, if you like, and we have

now adopted a dual process. I think the core part of the process is the infrastructure program, but we recognise that under any project or projects that are rolled out under the infrastructure program we will not cover 100 per cent of premises, and so we have got the Australian Broadband Guarantee as a safety net program to ensure that we cover all premises, including those that are not reached by infrastructure program projects, and until infrastructure program projects are rolled out.

Senator BIRMINGHAM—You said that 225,000 subsidies were provided under HiBIS, ultimately supporting about a million premises, I think.

Mr Bryant—No, that is not quite accurate. There have been 225,000 premises for which we have paid an incentive payment, so they have directly received a subsidised service. In addition to those we believe there are a further one million premises that have access to a metro-comparable service as a result of the infrastructure that has been rolled out under those programs.

Senator BIRMINGHAM—Those figures now are cumulative for both HiBIS and Broadband Connect?

Mr Bryant—Yes; that is correct.

Senator BIRMINGHAM—Could you take me through a little bit of the basics on the Broadband Guarantee? I am pleading a little bit of ignorance as a new senator here trying to get up to scratch with some of the issues.

Mr Bryant—The Broadband Guarantee, I think, can best be characterised as a black spot program. Its aim is really to provide a safety net, as I indicated, where premises are not covered by Broadband Connect infrastructure programs and until they are rolled out. Its approach is similar in some respects to the HiBIS-Broadband Connect approach in that we will be paying incentive payments for services. But we have refined and changed the approach in some respects to really reflect the modified objective of really focusing in on those black spots and where services are not available.

Senator BIRMINGHAM—It is obviously picked up from Broadband Connect—

Mr Bryant—Yes.

Senator BIRMINGHAM—to now target—

Mr Bryant—It has taken most of the elements from those programs. It will be, for example, multiprovider.

Senator BIRMINGHAM—Does it address metropolitan black spots as well as—

Mr Bryant—It does. The Metropolitan Broadband Connect program has now been incorporated into the Australian Broadband Guarantee and so we have got a standard—

Senator CONROY—How much money rolled over there?

Mr Bryant—I can take you through the numbers, if you like.

Senator CONROY—Almost every cent, was it?

Mr Bryant—I can do it in detail.

Senator CONROY—No, don't worry.

CHAIR—It could be informative for us, if you can.

Mr Bryant—I can do that.

Senator CONROY—It was meant to spend \$50 million. It spent \$200,000 and had administration costs of \$1.4 million. I am just surmising that most of that \$50 million was then able to be rolled over.

Mr Bryant—I am happy to talk through the numbers.

Senator CONROY—I wouldn't. I do not think they realise what they asked you to do then.

Senator BIRMINGHAM—I will ask Senator Conroy to ask for the numbers if he so desires.

Senator CONROY—Good call.

Senator BIRMINGHAM—How many registered broadband providers are now supplying services under the program?

Mr Bryant—We have two parts to the program. The transitional program is operating up till 30 June this year, and that is to enable a smooth transition from the Broadband Connect program to the Australian Broadband Guarantee and from the Metropolitan Broadband Connect program to the Australian Broadband Guarantee. We have got, I think, at last count 23 providers who have signed up under that program. We have issued draft guidelines for the final program to start from 1 July and we are expecting to release the final guidelines in the near future.

Senator BIRMINGHAM—Do you have a regional or state breakdown of those 23?

Mr Bryant—No, but I can take that on notice. It is fairly broad.

Senator BIRMINGHAM—How does the Broadband Guarantee integrate with Broadband Connect in terms of filling those gaps, those black spots?

Mr Bryant—I should perhaps explain how the Australian Broadband Guarantee works in relation to commercial services. A key tool in establishing the eligibility of a premise to receive a subsidy is a tool that we have on our website which both consumers and providers can use, and need to use, which is the broadband service locator—which really identifies for each premises around Australia (a) whether commercial metro-comparable broadband service is available and (b) if it is not available whether a terrestrial Australian Broadband Guarantee service is available and, if that is not available, what satellite based broadband guarantee services are available. What will happen when the Broadband Connect infrastructure projects roll out is that once retail services become available to those premises they will be placed on the broadband service locator and then automatically consumers will be required to choose the commercial services available to them in the first instance. They are only eligible for a subsidised service if they cannot get a commercial metro-comparable service.

Senator BIRMINGHAM—With regard to the Clever Networks program, my understanding is that that is a specific program to support broadband access in the health and education sector.

Mr Bryant—Mr McCormack has responsibility for that.

Mr McCormack—I am very pleased that you have chosen to ask about Clever Networks. It is a fantastic program—

Senator CONROY—Tell us more, Mr McCormack, please! How good is it?

Mr McCormack—It is very good, as I am sure you will agree. On 17 April the minister announced the results of the first round of Clever Networks. It was a round that closed on 18 December and, through the acceptance work of my colleagues in the department in getting through those applications and assessing them, the minister was able to announce that 16 projects had been successful in that first round. What we have managed to do with that first round is leverage a significant sum of money. For a \$49 million investment from the Australian government we have managed to leverage a further \$96 million from other partners. That money is going to go towards rural and regional Australia and improving the services in those areas, particularly in the fields of education, health, local government, and also communities across the rural and regional areas of Australia. It is a fantastic program. To date the minister has announced five of those. I will run through a couple of them.

Senator BIRMINGHAM—I would be very pleased if you could.

Mr McCormack—Great; so would I. Scope Connect is one that is focused in Victoria.

Senator CONROY—I love a man who loves his job, don't you?

Mr McCormack—That is right. It is very good.

Senator BIRMINGHAM—He has been waiting to share this information. Why did you not ask him earlier? You have had so many opportunities.

Mr McCormack—Scope Connect is helping people with disabilities in Victoria. It is improving service delivery in that sector. It is going to mean that both the therapists who work with people with disabilities and also those suffering the disabilities themselves will be able to receive higher quality and more timely treatment. The administration of those types of services will be greatly reduced, meaning that the people who are providing those services can be out there doing what they should be doing rather than commuting and doing a whole range of other things.

Senator BIRMINGHAM—What is the value of that project?

Mr McCormack—That is a \$1.4 million contribution from the federal government. We also have a \$4 million contribution for two projects in regional New South Wales, the North Coast Area Health Service and the Greater Western Area Health Service. Again, these are improving broadband between public hospitals and health facilities in terms of sharing medical records and also conducting remote assessments via two-way audio and video. The minister announced those about 10 or 12 days ago. Again, those are fantastic programs that are delivering results into rural and regional areas.

One of my favourites in this group is TAFE SA, which was announced last week in Adelaide. This is one of the most innovative projects and can potentially deliver the best results to people in rural areas. It is about TAFE SA making its courses available through a range of different technologies—PC, video, attendance at courses, and also through 3G technology. The project itself is only looking for a \$1.1 million contribution from the federal government. However, for that contribution, topped up with contributions from other parties,

we are going to see the entire non-metropolitan area of South Australia covered under that scheme, which is just fantastic. I think there is potential to extend that to other states that are in similar situations in the future. Another one, again in South Australia, announced last Monday—

Senator BIRMINGHAM—Hear, hear!

Mr McCormack—and worth \$2.3 million is looking at improving the Broadband Connections between Berri, Murray Bridge and Port Pirie through a high-speed broadband network. Again, it will allow communities to access government services in a much more timely fashion. I can go on and on and probably take up your entire 20 minutes, but I will leave it there if that is okay.

Senator BIRMINGHAM—In terms of the monitoring of results, for example, of the TAFE SA project, will the department be obtaining feedback in response to its grant as to how many students will be benefiting? Have estimates been provided in advance?

Mr McCormack—Most certainly. That is correct. At the commencement of the program and also at the end of the program we put in place evaluation criteria. We also link it into the KPIs, which are addressed by the former national branch strategy implementation group and the new group, which is the National Broadband Development Group. There are certainly evaluation criteria in there that allow us to show the difference between the start and the end of the programs.

Senator BIRMINGHAM—Do these projects build on projects previously funded by the Commonwealth through other broadband extension projects?

Mr McCormack—They do. The Murray Bridge one, which I mentioned earlier, links into the CCIF project, which was in that area. It effectively built on that. The South Australian government identified that there are synergies between that earlier project and that, by putting in a bid under the Clever Networks program, they could build on that and increase capacity in rural and regional areas. It is a good news story.

Senator BIRMINGHAM—That is excellent. Whilst I realise there are still 11 no doubt outstanding projects to be announced—

Senator CONROY—They are beyond outstanding.

Senator BIRMINGHAM—Indeed, they are beyond outstanding. Seeing as round 1 has been such a success, what is the timeline for round 2 of Clever Networks? How will round 2 differ from round 1, if in any way?

Mr McCormack—Round 2 was announced on 14 May 2007. Applications for that will close on 9 July 2007. In terms of the time that it will take to complete that process, we are not sure of that at this stage because it will depend on the number of the applications, the complexity of the applications, and so on. But rest assured we will be working to resolve that as soon as possible. Round 2 itself has been designed, again, to focus very much at a strategic level. In order to do that we have made some changes to the guidelines. We have increased the lower and upper limits on that program. For round 1 the lower limit was \$500,000 and the upper limit was \$5 million. For round 2 we have increased the lower limit to \$3 million and the upper limit to \$10 million. We are allowing people to think much more strategically and to

focus on those bigger projects that can hopefully deliver even better results than we are seeing with round 1. It was the fact that we got such a great response to round 1 that we felt it was opportune to continue on with round 2, as we did.

Senator CONROY—I thought there was a longer list of marvellous projects.

Senator BIRMINGHAM—Unfortunately, 11 have not been announced yet.

Senator CONROY—I want to go back to the ACCC and the ministerial direction. You did revoke the direction, though?

Senator Coonan—Yes.

Senator CONROY—You revoked the direction but you contend that the collection of data by the ACCC had nothing to do with the ministerial direction? Is that the contention?

Ms Holthuyzen—That is correct.

Senator CONROY—I want to confirm that that was what you were stating. I have been lucky enough to get a copy of your mail-out, Minister, which has started arriving around Australia—*Safeguarding your access*. It states:

The government is investing more than \$4 billion in telecommunications services to give all Australians affordable access to broadband.

This is the letter. This is your letter. You signed it. It has started arriving at households.

Senator Coonan—I just have to see what issue—

Senator CONROY—No, I am just saying that I am lucky enough to have a copy. I just wanted to make sure you knew which one I was talking about.

Senator Coonan—No, I do not, I am sorry. Is it 3.1?

Senator CONROY—Yes, 3.1, that is the one. And it was regional and rural.

Senator Coonan—Yes. This is the regional telecommunications—

Senator CONROY—Yes. I was reading out of bits of it to make sure we were talking about the same one.

Senator Coonan—Yes, I have found that now. This pamphlet?

Senator CONROY—Yes, the pamphlet. I was reading from your letter.

Senator Coonan—I will just get a copy of it.

Senator CONROY—I am not going to ask you about anything in it. Are the 3.1 million households predominantly regional and rural?

Senator Coonan—That was certainly my intention. The department would organise the mail, or would at least—

Dr Hart—The target is regional Australia—3.1 million households.

Senator CONROY—What is our definition of ‘regional Australia’? How far away from the CBD do you have to be?

Dr Hart—I do not have the details here of the Australia Post mail-out, so I cannot be very specific about the areas.

Senator CONROY—I am looking at a photocopy of the envelope, ‘To the Householder, Milan Terrace, Stirling, South Australia’. I understand that Stirling, South Australia, is 17 kilometres from the CBD. You might even be able to help me here.

Senator BIRMINGHAM—It is in the Adelaide Hills in the electorate of Mayo.

Senator CONROY—Thank you.

Dr Hart—Yes, Mr Downer’s electorate.

Senator CONROY—That is 17 kilometres from the CBD, I understand?

Senator BIRMINGHAM—It is not far from the CBD, but it is in a less populated area.

Senator CONROY—The good news is that you are not the minister yet. I am just asking the officials what the definition of ‘regional’ was for the purposes of this mail-out.

Dr Hart—We will take it on notice.

Senator CONROY—You do not know who you sent it to?

Ms Scott—I think the officer has already indicated that we do not have the mailing list in front of us.

Senator CONROY—I would hope not; there are 3.1 million addresses on it.

Ms Scott—I beg your pardon?

Senator CONROY—It would be a very large document on your desk, with 3.1 million addresses. I am hoping you have perhaps access to the criteria on which you based the mail-out, as opposed to the mailing list itself.

Ms Scott—I think the officer has already answered the question. We will take it notice.

Senator CONROY—So you cannot tell the Senate committee the criteria on which you did a 3.1 million household mail-out; is that your evidence?

Dr Badger—I am sure that in the details of the mail-out of the program there has been an assessment of the addressees where the mail-out is to be sent. It has been a contract with Australian Post. As the number is 3.1 million households, that is the number broadly that we accept as being in regional Australia. If we were doing a much broader mail-out, I think there are seven million-odd households in Australia.

Ms Scott—Seven or eight.

Dr Badger—Eight or whatever, yes.

Senator CONROY—Will this lucky householder in Milan Terrace, Stirling, also receive the net filter mail-out, because that is 8.1 million?

Dr Badger—But that has not gone as yet.

Senator CONROY—No, I am saying: will this person be lucky enough to receive a second letter from Senator Coonan soon?

Ms Scott—I think that one is all households so yes.

Senator CONROY—They will be lucky enough to have two of Senator Coonan’s signatures to keep and cherish? I am guessing; I did not know how many households there

were in the country, so I appreciate the figure you have given me, Mr Badger. But that means, by definition, the 3.1 million is contained within the eight million?

Dr Badger—I do not dispute that at all. I cannot comment on the Stirling address, and whether it is just an anomaly, until we go back and check the address list and how the concept of a set of households in regional Australia has been turned into an address list. That is the information I do not have.

Dr Hart—It is related to postcodes. That is about as much as I can say.

Senator CONROY—The postcode is 5152.

Dr Badger—I understand that the estimate of the household numbers for the regional mail-out was done by Australia Post. We will have to check with them and the list we have about where we expect it to go. But fundamentally, if we were going to mail it out to 8.1 million, then we would not have gone into an arrangement about three million, because obviously you are not going to get anywhere near the coverage.

Senator CONROY—What were the criteria with respect to the Metro Broadband Connect program?

Mr Bryant—The criterion for metro was the areas where Broadband Connect did not go, and that was all of the capital cities, and the boundaries were the ABS UCL boundaries, or urban centre locality boundaries.

Senator CONROY—Urban centre localities?

Mr Bryant—Yes.

Senator CONROY—How far out do they reach from the CBD?

Mr Bryant—It varies enormously.

Senator CONROY—I do not know; that is why I am asking you.

Mr Bryant—It depends. They cover most new estates, but there are some new estates that go beyond that. We know this because Broadband Connect has covered some of those new estates but not others, and it is updated from time to time by the ABS as well.

Senator CONROY—I am just trying to ensure that, for the purposes of one program, Stirling is not included and for the purposes of another one it is. Would Stirling have been included in the Metro Broadband Connect criteria?

Mr Bryant—As an ex-Adelaide boy I know Stirling quite well, but I imagine that it could be in either.

Senator CONROY—Yes. Can I say—

Mr Bryant—As Senator Birmingham pointed out, it is in the Adelaide Hills.

Senator CONROY—I know it is in the Adelaide Hills. That is a beautiful area.

Mr Bryant—It is a lovely area.

Senator CONROY—A lovely area. I am just wondering whether or not it would have qualified for the Metro Broadband Connect program. I am just getting a suspicion that it might have.

Mr Bryant—I would have to take that on notice because—

Senator CONROY—I am sure you do.

Mr Bryant—I have explained what the boundary—

Senator CONROY—You have. You have been very informative. Do you think the same suburb would qualify as regional and rural and the Metro Broadband Connect? Would that be an anomaly?

Senator Coonan—I am not in a position to say that. No doubt there are anomalies.

Senator CONROY—I am just concerned to make sure that it is going to 3.1 million, that is all . I am not doubting your—

Senator Coonan—You may be making a fair point. We have said we are going to check how the list is compiled.

Senator CONROY—Thank you. Has the department received any correspondence from industry regarding the propriety of the recent award of a contract for consultancy services relating to Next Generation Networks to Allen Consulting?

Mr Lyons—I am sorry; could you repeat that question for me and the exact details of the names you are talking about?

Senator CONROY—Has the department received any correspondence from industry regarding the propriety of the recent award of a contract for consultancy services relating to Next Generation Networks to Allen Consulting?

Mr Lyons—I do not think we received one in relation to the propriety of the award of a consultancy to Allen Consulting. There was a consultancy in relation to Next Generation Networks. That was awarded to a particular provider, not Allen Consulting, and there was some—

Senator CONROY—Who won that?

Mr Lyons—It was Access Economics.

Senator CONROY—Access Economics won it. There was a complaint about that one?

Mr Lyons—I think there was some media commentary, and one of the other applicants sought some feedback on—

Senator CONROY—Could we get a copy of the complaint?

Mr Lyons—I beg your pardon?

Senator CONROY—Could you give us a copy of the complaint?

Mr Lyons—I would have to check as to whether we have a written complaint. I would have to take on notice whether I am in a position to provide you with that particular document. There was a written request for feedback, and feedback was provided.

Senator CONROY—I guess we can play semantics about feedback/complaints, but you will take it on notice?

Mr Lyons—I think it was appropriate. It is not unusual for people to want to get an understanding of why they were not selected.

Senator CONROY—Could you provide a copy of the assessment methodology used in the tender process?

Mr Lyons—Yes.

Senator CONROY—What was the substance of the complaint/feedback request?

Mr Lyons—I think one of these issues often is that it is difficult for people who do not get particular tenders; they often draw concerns or criticisms about the quality of the person that did get the tender rather than seek positive feedback on how they performed in that process.

Senator CONROY—Tragically, I am very familiar with Access Economics.

Senator Coonan—Tragically?

Senator CONROY—I just know them quite well. Has it done a lot of work in telco areas before?

Mr Lyons—We looked at the field and we looked at the best combination of skills required for the job.

Senator CONROY—You wanted qualified consultants?

Mr Lyons—Yes, we did, and we also looked at the team—

Senator CONROY—I was not aware that Access was qualified in any telco areas at all.

Mr Lyons—We looked at the team that the consultants could bring to this particular proposal and they brought people with extensive experience in telecommunications and regulatory issues, both technical, policy and regulatory.

Senator CONROY—Part of that team was Mr Shogren?

Mr Bryant—That is right.

Senator CONROY—He is a part-time ACMA member?

Mr Bryant—That is right.

Senator CONROY—He is a consultant with Access Economics. He was one of the people who was part of that team?

Mr Lyons—Yes.

Senator CONROY—What qualifications in this area did the team bring?

Mr Lyons—Without going necessarily through the detail, but obviously—

Senator CONROY—I am not asking you to provide names; I am just asking you about the skills and experience. You suggested that Access had a team—admitting that Access had no qualifications, it had a team.

Mr Lyons—It had strong experience in public policy, financial markets, understanding of the financial system, particularly in telecommunications competition policy and regulatory issues, and very strong experience in the technical issues to do with the development of Next Generation Networks and participation with industry groups on the development of standards and interoperability issues for the industry, which is a very strong focus for the consultancy, and people with strong experience with technology and communications law.

Senator CONROY—Does the department recall that in 2005 a body called the Page Institute created a report into regional telecommunications that recommended that the government undertake a feasibility study on the cost of the construction of a fibre network in rural and regional Australia?

Ms Scott—Does anyone in the department remember it? We might take that on notice. I think it goes to the earlier one where you asked us whether anyone had seen a report.

Senator CONROY—I would probably say to you that your officers have answered questions about this report previously. If you consult widely other than what you just said, you may find someone does remember it, or do you just get to decide what questions get asked and answered? I have talked at length with these officers about—

Ms Scott—I am just conscious that it is a very broad question.

Senator CONROY—I asked: does anybody recall the report of the National Party think tank known as the Page Institute? Your officers have answered questions about it before. I have asked them if they have done this before. This is an identical question to what I have previously asked, so I am sure someone in the room has some knowledge of it.

Senator Coonan—I remember it.

Senator CONROY—I know, and we chatted about it at estimates in front of all of your officers.

Senator Coonan—But I do not know that I could answer any question about it, and that might be the reticence of the officers.

Senator CONROY—At the moment we have no-one at the table remembering it.

Senator Coonan—I am just trying to distinguish between remembering that it exists and being in a position to actually remember in detail what it talked about. I think the officers would probably want to take that on notice, or at least that is what I interpret the situation to be.

Senator CONROY—I think Ms Scott may have anticipated my next question, probably this time incorrectly. I will work on the basis that someone has a vague recollection of this, which has been discussed in estimates by me, the minister and some officers.

Senator Coonan—But it was a long time ago.

Senator CONROY—Did the department undertake such a study? I have actually asked that before and been given an answer by officers before.

Ms Scott—Are you asking a question that you have asked before?

Senator CONROY—Yes. That would be to see if you have actually done the work. When you said no in the past you may have subsequently done some work. That is why I am asking the same question. The departments are tricky like that. If you do not ask them specific questions about specific things they tend to give you the exact literal answer, and then they may go off and do the thing that you asked them about. It is funny the way that happens.

Senator Coonan—I am sure my department would not deliberately be tricky. In all fairness, ask the question again. I would expect they would need to take it on notice, because it has been a long time. But there might be someone who can answer.

Mr Lyons—As far as I am aware, the department has not conducted a formal study on that issue.

Senator CONROY—That is the answer I expected; it is the same as the answer last time.

Mr Bryant—Just so that we can understand, when you say ‘such a study’, do you mean a study on fibre rolled out across regional Australia?

Senator CONROY—Yes, following negotiations between the National Party and the minister, to be fair, at the time of the telco sale. One of the issues that came up was that the National Party wanted that done. The minister said she would think about it.

Mr Bryant—I recall.

Senator CONROY—Mr Bryant seems to remember the discussions. The claim by the study suggested a fibre-to-the-home network could be constructed in rural and regional Australia at the cost of \$7 billion. Did the department ever undertake an assessment of the validity of that claim?

Mr Bryant—I am not sure that is what the study indicated at all. I do not think that level of detail was provided to us. My understanding and recollection at the time was that that could have applied to some sort of fibre rollout to townships and so forth. I do not think it was ever made absolutely clear as to what the scope of it was.

Senator CONROY—Thank you. So the department never undertook an assessment of the validity of now Senator Nash’s—she was the co-author of the report—claim that for \$7 billion you could put fibre to the home for regional and rural Australia?

Mr Bryant—Mr Lyons has answered that question.

Senator CONROY—I am sorry, I did not hear that.

Mr Bryant—Mr Lyons indicated that that had not been done.

Senator CONROY—Thank you very much. Given that Senator Nash and others of that group prepared the Page report, which recommended parity of price and parity of service in telecommunications, has the department undertaken any research on the impact of the digital divide that would emerge if Telstra or G9 were allowed to proceed with an FTTN rollout in the capital cities while rural and regional Australia were left behind and not connected to that network?

Mr Bryant—Has there been any formal work on that? Not to my knowledge.

Senator CONROY—Thank you. Sometimes I just ask the same questions at every estimates and get the same answers. I have some questions to put on notice. Has the department ever employed Crosby Textor or is it considering employing Crosby Textor?

Ms Scott—The answer is, no.

Senator CONROY—Just to follow up, I have a list of questions going to that issue. I am sure the answers will be ‘no’, but I will put them on notice just for the formal responses. I have a string of questions to do with unspent funds against the 2006-07 budget, including the 2006-07 additional estimates and bill Nos 5 and 6 for outcome 1, output 1.1, outcome 2, output 2.1, outcome 3, output 3.1 and some questions that follow from that. I will put those on notice and not bother with them now. Also, I have some other questions about advertising

campaigns. I know we have been through that at some length, but could you give us the main ones that we have focused on. I understand the department has done some others that are possibly more minor and are of more an informational style, and I will put those on notice as well. Senator Webber and Senator Wortley, do you have any questions?

Senator WEBBER—No.

Senator WORTLEY—No.

Senator CONROY—I did have some questions about HiBIS. No, I will come to HiBIS in a moment. I would like to turn to the issue of the competing Telstra and G9 FTTN plans and the government's role in this debate. At the last round of estimates last year, the department told us that representatives of the department had not met with Telstra to discuss its FTTN proposal in the past six months. How many times has the department met with Telstra to discuss its FTTN plans since the last estimates? Sometimes I just ask the same questions over and over again.

Ms Holthuyzen—We have met with them on a number of occasions.

Senator CONROY—How many?

Ms Holthuyzen—I would have to take the exact number on notice, but it has been a reasonable number of occasions.

Senator CONROY—Half a dozen or a dozen?

Ms Holthuyzen—I am not sure that I could give a number to it.

Senator CONROY—Come on, let us be fair dinkum here. You must have some rough indication. I promise not to string you up if you say 10 and it is 11.

Ms Holthuyzen—It is probably in the order of eight to 10 meetings or something like that. That may not be totally accurate, but around that number.

Senator CONROY—I appreciate that. How many times has the department met with Telstra to discuss FTTN and with the minister also present?

Ms Holthuyzen—I will take that on notice.

Senator CONROY—I am naturally assuming you would not have attended all of those meetings?

Senator Coonan—I love the topic, but not that much.

Senator CONROY—Is it two or three?

Senator Coonan—I seriously cannot guess. It is a number.

Senator CONROY—I am guessing you would not have met more than the department, or have you met without the department sometimes?

Senator Coonan—At the risk of sounding flippant, occasionally I have snuck out at night and had clandestine meetings. No, seriously—

Senator CONROY—I hope not, for your sake.

Senator Coonan—I have to have a look, but I have had a number of meetings. Probably the department has met more. I would think that would be accurate.

Senator CONROY—How many times has the department met with Telstra to discuss FTTN with representative of the ACCC also present?

Ms Holthuyzen—I do not think that we have had any joint meetings.

Senator CONROY—They have not been there at all?

Ms Holthuyzen—No.

Senator CONROY—What about G9? How many times has the department met with representatives of G9?

Ms Holthuyzen—Again, a few times, perhaps two or three.

Senator CONROY—Possibly four?

Ms Holthuyzen—Possibly. I should say that we meet with Telstra, G9 and industry on an ongoing basis.

Senator CONROY—I am still talking specifically on FTTN.

Ms Holthuyzen—Sometimes we have meetings that are specifically one thing and sometimes we discuss a range of things at the meeting.

Senator CONROY—How many times has the department met with the representatives of G9 to discuss the FTTN with the minister also present? So, have you met with G9, Minister?

Senator Coonan—Yes, of course, several times.

Senator CONROY—How many times has the department met with representatives of the G9 to discuss FTTN with representatives of the ACCC also present?

Ms Holthuyzen—I do not think that we have at all.

Senator CONROY—I am intrigued by the renewed interest in meeting with Telstra and G9 to discuss FTTN. What has brought about the change of heart? There were no meetings in the six months leading up to the last estimates. That is the six months following the high-profile collapse of Telstra's negotiations with the ACCC over FTTN. What is different now?

Senator Coonan—I am not sure that is correct.

Senator CONROY—I am just going on what the answer was last time.

Senator Coonan—The discussions resumed certainly very early this year. I just cannot remember when, but they have been going on for some time.

Senator CONROY—As I said, I am just going from the estimates answer that I got, and it was late January/first week of February that the estimates were last time?

Senator Coonan—Yes.

Senator CONROY—It is possible that your memory is correct?

Senator Coonan—No. I think maybe there were arrangements to meet. But certainly it was about that time. It was not very long after, if that is correct.

Senator CONROY—At the last estimates you told us that the government will not be driving a commercial decision, and that, 'We will facilitate whatever needs to be done to

ensure that the framework is responsive, and we think it is.' You seem to have had a bit of a change of heart?

Senator Coonan—No, I have not had any change of heart. It has been important to understand both of the business cases of the G9 and Telstra. It is complex. Both of them are contemplating very large expenditure of a lot of money, and my job is to make sure that, if they identify the barriers to doing it, and if they allege that it is the regulatory framework—I have always said this—I would have a look at it, and I have been doing that.

Senator CONROY—You recently stated that the 'prospects are reasonable that there will be an opportunity for a provider or a group of providers to roll out a fast fibre network very soon within three years'. What is the basis for that statement?

Senator Coonan—The basis for the statement is the status of some discussions and my understanding as to what is being proposed.

Senator CONROY—I am a bit confused, because the minister went on to say that the provider who will miraculously roll out the FTTN in the next three years will 'probably be Telstra'?

Senator Coonan—In the short term that is certainly the case, because Telstra owns the network. That is if you look at the short term; that is not only what I am looking at.

Senator CONROY—The minister also told the Senate on 26 February this year that 'Telstra had walked away from its FTTN proposal'. That was 26 February. What has changed from 26 February to make it likely that Telstra will roll out the FTTN in the next three years?

Senator Coonan—They are engaged, as I am engaged, with them and with the G9 in constructive discussions to look at the concerns they had as to how they could do it, or how they will do it.

Senator CONROY—Does the minister recall Telstra regulatory policy head Phil Burgess stating last year that the 'government needs to get its own policy house in order before there will be progress for all of Australia on the FTTN talks'? Has Mr Burgess recanted on this position?

Senator Coonan—I do not know.

Senator CONROY—Have you had any chats with him? Is he one of those people you secretly/clandestinely snuck out to meet? I know you were joking. I am teasing.

Senator Coonan—You are teasing me mercilessly and it is painful.

Senator CONROY—Is Mr Burgess one of the people you have been meeting with?

Senator Coonan—No, I have not met Mr Burgess, but I have met other people to do with Telstra.

Senator CONROY—Mr Burgess still seems to be talking about changes in policy in his public statements recently. He does not sound like he is recanting.

Senator Coonan—I appreciate Mr Burgess's views, but I am dealing with some representatives in Telstra who give me some comfort that there is a way through this.

Senator CONROY—I noted that the minister stated this month that it is important that ‘we work through and ensure the particular regulatory concerns of Telstra are addressed’ and that ‘I could and should take a role in making sure the regulatory concerns and proposals are addressed.’ Are these discussions the reason FTTN will be rolled out by Telstra within three years? Is that what was behind that comment?

Senator Coonan—I am not picking a winner out of this. What I am saying is that I am having constructive discussions with industry.

Senator CONROY—The minister has on a number of occasions claimed that she would rather that the details of the FTTN be made public?

Senator Coonan—Yes, I agree with that.

Senator CONROY—In this context will the minister commit to stopping any private discussions on FTTN with any companies until those companies have publicly disclosed the details of their proposals?

Senator Coonan—Certainly not. That is—

Senator CONROY—That would be a way to actually flush this out. If you said, ‘I am not meeting you anymore until you put it out there in public’, that would flush it out.

Senator Coonan—I do not know who has written your questions, seeing as they are all being put in the third person. I believe I conduct myself appropriately as the minister. I will continue to have constructive discussions with anyone in industry who needs to discuss things with me. That does not alter my view that there is a role for transparency and for public scrutiny of the proposals before they proceed.

Senator CONROY—You could engineer this transparent process that you are talking about.

Senator Coonan—I am not going to discuss policy with you. What I am saying is that I consider that it is appropriate that I make sure that the regulatory arrangements work and that any barriers to investment of either of these proponents of this new build are addressed.

Senator CONROY—I absolutely support you 100 per cent on the need to flush these proposals out into the public domain. Unfortunately, I am pretty irrelevant to the process—you are very relevant, and you could achieve the outcome you say you want to achieve, which is a public debate and some transparency, if you simply said, ‘Put your proposals out and then let’s talk.’

Senator Coonan—I appreciate very much your advice as to how that might be handled, but if you are patient for a bit longer, maybe you will not be disappointed.

Senator CONROY—That is excellent. I am told that the G9 proposal is due out very soon.

Senator Coonan—They have publicly said they are putting in their undertaking very soon.

Senator CONROY—Has Telstra said it is going public in any way that you have noticed? I have not seen anything, but you might have seen more—

Senator Coonan—I am not prepared to say anything that has not been said publicly, so I will not engage in that one.

Senator CONROY—Let me rephrase that. Have you seen anything publicly from Telstra?

Senator Coonan—I have not seen any public statement from Telstra.

Senator CONROY—That they are prepared to put in the undertaking to go public? I am still not absolutely clear. I understand the government's position on FTTN. At the last estimates you told us that the government will not be driving a commercial decision, that it would facilitate whatever needs to be done, and that the framework is responsive. We think that it is, and I mentioned that quite earlier. Does the minister still believe that the regulatory framework is responsive enough to facilitate an FTTN network without legislative reform?

Senator Coonan—That is a matter for policy, and I am not going to engage in announcing policy or any policy decisions that I make before I am ready to do so. I am sure you will appreciate that.

Senator CONROY—I understand that. I am asking you to confirm your existing position and not a new policy.

Senator Coonan—No, I am not going to confirm that. What I am saying is that I am having some discussions. You are asking me whether I am going to change policy. I am not saying that.

Senator CONROY—No, I am asking you to confirm your existing policy. I am asking you to confirm what you said at the last estimates.

Senator Coonan—I am having some discussions and, at an appropriate time, I will give you an answer about that.

Senator CONROY—You are not prepared to confirm what you said at the last Senate estimates?

Senator Coonan—There have been some developments and discussions that I am having that make me reluctant to announce any further policy—either confirming, adding, subtracting or saying anything further of a policy nature.

Senator CONROY—Is it correct that the government did consider regulatory reform to facilitate the rollout of FTTN around the collapse of the talks last year?

Senator Coonan—There was no policy decision.

Senator CONROY—But you were engaged in discussion? This is the famous '98 per cent of the way was covered' discussion between the ACCC and Telstra and which you were also being kept in the loop on.

Senator Coonan—Regulatory change is such a broad description. I keep regulatory matters under review all the time. I know that might sound quite a big claim, but the reason I do so is because this field of telecommunications changes so rapidly. I think we do need to make sure that we can be assured that the regulatory regime will enable people to do what they want to do within the existing competition framework. I am not trying to be obscure. I am just saying that I look at it quite a bit.

Senator CONROY—If you have it under ongoing review, that is good. That is different from what you said last time.

Senator Coonan—What I am saying is that it is not a set-and-forget exercise. I think I could truthfully say at that time what I said. Certainly I would not be setting out to deliberately mislead you. But things change. I keep under review what the regulatory regime is being asked to do.

Senator CONROY—Do you recall making the following statement at the time of the collapse of the discussions between Telstra and the ACCC:

The government also reviewed telecommunications regulatory arrangements last year and specifically made changes to further encourage investment and ensure investors' risks were taken into account in regulatory considerations and decisions making.

Senator Coonan—Yes, I do.

Senator CONROY—It continues:

The ACCC has assured the government that it has always been prepared to consider fair and reasonable access terms as required by law.

Senator Coonan—Yes.

Senator CONROY—It continues:

It is therefore puzzling that Telstra has identified this issue as the major stumbling block.

Do you agree that this statement suggests that you did not believe there was a need for regulatory reform to facilitate an investment in FTTN in August of last year?

Senator Coonan—Certainly that was a truthful statement and that was my advice. However, I have had an opportunity to understand better the business case and proposals of the two different proponents for this build. It is a different set of circumstances.

Senator CONROY—You described Telstra's regulatory complaints as 'puzzling', which did not sound like they persuaded you.

Senator Coonan—It depends what you know at the time, doesn't it? I have deliberately engaged with both Telstra and the G9, and I think I have a role to do that, because my job is to make sure that we have a set of regulatory arrangements that enable this to happen rather than frustrate it. If it is properly frustrating one of these builds, then it needs to be dealt with. I am not saying that it is, but it is important that these discussions have taken place. Having taken place, there is a time when it should be out in the public arena, and I do not disagree with that. That is really the position.

Senator CONROY—That was back in August last year. Do you further recall making the following statement on 9 March of this year:

I am of the view, as is the government more broadly, that the regime is capable of facilitating a fair return on investment.

Senator Coonan—That is still right, but it then depends on what model you are looking at and what set of circumstances you are looking at for the build.

Senator CONROY—That seems to suggest, again, that you did not believe there was a need for regulatory reform to facilitate investment in the sector. That is a strong statement.

Senator Coonan—What I have said to you is two things. You may be able to look at all sorts of statements that were true or obtained at the time. What I am trying to explain to you is

that I think my role is to make sure that the regulatory regime works. Rather than set my face against it, I continually look at whether or not it is responsive. I have had an opportunity to have a look at what both the consortia and Telstra want to do. That has given me a whole set of conditions relating to their business case and how you might consider a return as opposed to the long-term interests of consumers—that sort of interesting tension. I think that is entirely appropriate. The ACCC's role is to enforce the existing framework. It is my job as the minister to make sure that the regulatory regime works for the appropriate purposes that it exists—namely, to allow some investment but also to make sure that consumers are looked after in the longer term. I do not think that is inconsistent. I think it has moved on. The whole thing has moved on.

Senator CONROY—On 17 August you were pretty strong. On 9 March this year you were pretty strong. What about 21 March this year? Do you recall saying:

The regulatory environment that is currently provided is sufficiently flexible to deal with the issues that have been brought to government by both Telstra and by the current G9 proposals.

That was 21 March this year. That is a pretty strong statement again that there does not seem to be any need for regulatory change.

Senator Coonan—I have just explained to you my current position. The time frames in which I have had these discussions would no doubt inform the dates of statements that I make, but it is critically important to understand that we have to look at these business cases, and that is what I have done. I may not have done it by 21 March.

Senator CONROY—Are you saying that you had more meetings and it is a time frame issue?

Senator Coonan—I think it probably would be. I cannot remember when I first started really in-depth discussions, but it might have been around about then or a little bit after.

Senator CONROY—I thought you said you started the discussions back in early February?

Senator Coonan—I did not necessarily say that.

Senator CONROY—Anyway, they could have taken time to evolve through the discussion. I appreciate that.

Senator Coonan—I mean it takes a long time, and people have to get back to you with information.

Senator CONROY—I accept the point that you make. How do all of those comments, plus the comments you have just made that it is a time frame issue, square with your comments this month to Emma Alberici that the 'existing regulatory framework obviously applies to networks that are already built; we are looking at something which has yet to be built'? You seem to be drawing the line not on a timeframe issue, but on an existing infrastructure versus a proposed infrastructure.

Senator Coonan—Yes, but the timeframe is all about looking at a new build. If there is anything about the regulatory environment that relates to a new build, that is really what I was referring to.

Senator CONROY—So three years into the portfolio you have discovered that laws need to be changed when you are looking at something that has not yet been built, or regulatory reform is needed?

Senator Coonan—Nothing had been proposed to be built and it depends, of course, on what is being proposed. Nobody had proposed something of the scale, complexity and detail that has been shared with me and developed with me this year.

Senator CONROY—Does the minister recall stating last year:

Telstra's FTTN proposal was only ever intended for large sections of the five major capital cities. Telstra had no immediate plans for the network to extend to the remaining capital cities, large regional centres and rural areas in Australia. Therefore, Telstra's argument about the costs of providing a service to rural, regional and remote Australia is not relevant to FTTN.

Is this still the minister's position?

Senator Coonan—There are some issues that I understand better now about complex matters to do with actual costs, efficient costs, sunk investment and a number of other issues.

Senator CONROY—What is the minister's position on the costs of providing a service in rural and regional Australia being not relevant to FTTN? Is that still your view?

Senator Coonan—I think there may be an argument about what costs of the existing network are appropriate to be taken into account.

Senator CONROY—I am trying to balance those fairly strong comments, firstly, that Telstra is only proposing to do sections of five major capital cities.

Senator Coonan—I do not think that is correct anymore.

Senator CONROY—I think that your statement is pretty accurate if you compare it with the ad that Telstra placed. It has expanded very marginally from that.

Senator Coonan—I will not add what I was about to say.

Senator CONROY—I am just going off what Telstra is saying publicly. In view of that statement about 'Telstra's argument about the costs of providing a service to rural, regional and remote Australia is not relevant to FTTN' compared with what you just intimated, plus what you said in a statement this month, you clearly need to look at what Telstra calls the rural deficit to facilitate the rollout of FTTN. So last year Telstra's argument about the costs of providing a service to rural, regional and remote Australia is not relevant. Statements you made earlier this month were that you clearly need to look at what Telstra calls the rural deficit to facilitate the rollout of FTTN. That looks like a pretty big backflip.

Senator Coonan—No, I do not think so. I think what it really means is that it is a pretty big interest in Telstra's business case. I understand what Telstra is trying to achieve, which does not necessarily mean to say that you accept all of its contentions. I understand that there are different ways in which you could look at the modelling.

Senator CONROY—You did not understand that back in August?

Senator Coonan—I had not seen the case.

Senator CONROY—What is the rural deficit that you were referring to in your comments? How is it separate from the cost?

Senator Coonan—What comments are you talking about?

Senator CONROY—This is your comment: ‘You clearly need to look at what Telstra calls the rural deficit to facilitate the rollout of FTTN.’ So what is that rural deficit? How is it separate from the cost of providing a service in rural and regional areas?

Senator Coonan—It is an issue that I am looking at closely. It is important that the USO provider is being appropriately recompensed for delivering basic telco services to Australians. This year I will be setting the 2008-2011 subsidies for the USO. Telstra’s concerns in relation to what it is entitled to will be obviously looked at as part of this. I have recently announced that we will consider the architecture of the USO to ensure that it is meeting its objectives in the most efficient way. But I do not intend to speculate any further on the specifics on this.

Senator CONROY—I am glad you mentioned the USO, because that is exactly what I was going to do as well. On 7 August 2006 the minister stated that the ‘government will not be changing the USO. It was reviewed recently and will not be changed.’ That was on 7 August 2006.

Senator Coonan—It has to be reviewed, because—

Senator CONROY—Sorry, I am just quoting you from 7 August: ‘The government will not be changing the USO ...’

Senator Coonan—I think you are confusing the obligation, which will not be changed, and the funding model.

Senator CONROY—I am just reading your quote.

Senator Coonan—I am just trying to tell you that there is a difference between the obligation. We will not be stepping back from our commitments under the USO, but the funding is something that I was referring to as—

Senator CONROY—I understand that aspect. On 9 March 2007, just six months later, you moved forward a scheduled review of the USO and stated that this is ‘an opportunity to ensure that the USO provider is being appropriately recompensed for delivery of basic telecommunication services to Australians’. So on 7 August 2006 the government will not be changing the USO. It was reviewed recently and will not be changed.

Senator Coonan—That is true. Those are the obligations.

Senator CONROY—And on 9 March: ‘This is an opportunity to ensure that the USO provider is being appropriately recompensed for delivery of basic telco services.’

Senator Coonan—Yes.

Senator CONROY—My 20 minutes is up?

CHAIR—Have you finished, Senator Conroy?

Senator CONROY—My apologies; I did mislead everyone. But I am hoping we can still get home before dinner.

Senator BIRMINGHAM—I will attempt to be quick, then, on that understanding. I would like to ask some questions related to E-Security. Could you tell me firstly about the National E-Security Week, the genesis for it and what it will entail?

Mr Cross—Last year the minister launched an E-Security Awareness Week, where government agencies, led by DCITA, worked with industry to promote a series of events to promote e-security awareness of small business and home users. That was in October last year. The rationale for developing the concept was that the small business and home users were looking for independent advice on how to protect their computers and safe online behaviours. There was a view that government working with the industry could provide straightforward and simple advice and work together with the industry to get broad reach right throughout Australia through collaborative activities. As part of the E-Security Awareness Week last year the minister launched a website, staysmartonline.gov.au, which is a very easy-to-read resource with quizzes, tutorials et cetera to provide very layman-like information to home users and small business on some very complex issues around security. Given the importance that the internet is playing for home users in terms of transactions and in the everyday activities of small business, there was a view that we should be heavily promoting IT security to those groups.

The minister launched staysmartonline.gov.au, and during the course of the week we had collaboration from a number of IT security companies—from the Internet Industries Association, which offered free software trials, from the Australian Bankers Association and Abacus Australia, who represent credit unions and building societies, and some community groups, such as senior citizens groups, to promote a series of events throughout Australia highlighting the need for people to think about IT security in terms of protecting their computers and also safe online behaviours. That was in 2006. I am pleased to report that the government, as part of its budget for next year, has announced an allocation of \$13.6 million to the Communications portfolio on measures to increase e-security for home users and small business. That will entail e-security awareness weeks over the next four years. Building on the pilot we undertook last year, we look forward to working with the industry and community groups again over the next four years to promote e-security awareness.

Senator BIRMINGHAM—Do you have any data or feedback on the usage of staysmartonline.gov.au?

Mr Cross—We are certainly encouraged by the number of hits we have had on the site. Over 30,000 Australians have accessed the site. We are certainly keen just to keep promoting the uptake and use of the site. Anecdotally, we have had some good feedback. An example would be that in regional New South Wales, a computer shop owner contacted us to say that he thought the information was very relevant to his clients. Some of these issues are very complex for users, and he has decided to give a little card promoting the site every time he sells a personal computer to his clients. We found anecdotally that it is a very good indicator that the resource is well regarded.

Senator BIRMINGHAM—Most of the promotion for the site, I assume, occurs online. That would be the logical—

Mr Cross—Yes, it is mostly online, and we are trying to get a link in to other organisations. For example, the Australian Taxation Office links to our resource in terms of promoting IT security et cetera. Over the next six months we will continue to promote the site and look to link into other relevant sites to promote it. But we are looking at every opportunity to promote the awareness of the site going forward.

Senator BIRMINGHAM—How does this link in with the work of the Australasian Consumer Fraud Taskforce?

Mr Cross—The Consumer Fraud Taskforce is led by the ACCC. It runs an annual event, a month of activities in March of every year, to promote consumer awareness of fraud. The department participates in this, and the minister in recent years has promoted IT security as part of the Consumer Fraud Taskforce. There are activities during that month. We focus on IT security elements of it because, unfortunately, the internet is being used for fraudulent activity, whether it be for things such as Nigerian scams through to phishing attacks where people are trying to get the personal identity details of people doing transactions online and so on. There is a relationship with the Consumer Fraud Taskforce in terms of IT security. We certainly seek to actively participate in that event every year.

E-Security Awareness Week has a particular focus on IT security in terms of hardening the defence of your computer. There are some very basic measures, such as having a firewall in place and having up-to-date antivirus software. But it is also about safe online behaviours to make sure that people do not undertake activities that can lead to malicious things happening to them.

Senator BIRMINGHAM—Have state governments worked cooperatively in the promotion of e-security week and of the staysmartonline initiative, and particularly the consumer affairs agencies of state governments?

Mr Cross—I believe that the fair trading agencies of state governments are active members of the Consumer Fraud Taskforce. Certainly, as we continue to promote and develop the concept of E-Security Awareness Week, we will engage with the state and territory governments and promote the opportunity to them, especially as we head to develop activities in their states.

Senator BIRMINGHAM—Thank you, Mr Cross. In the interests of time—

Senator CONROY—You can keep going. We are going to break shortly for dinner. If you want to keep going for a few minutes that is fine.

Senator IAN MACDONALD—Why don't you just try to finish? I understand you are just about there.

Senator CONROY—We are not going to be finished in 10 minutes. I have more than half an hour's questions. If it is okay with you, we will stick to the meal break. Senator Eggleston has agreed. But we appreciate your constructive suggestion.

Senator IAN MACDONALD—It is not okay with me because I understood you were just about finished.

Senator CONROY—Someone has misled you, because I have not.

Senator WEBBER—To be fair, Senator Conroy gave an indication that we were getting close to being finished and that therefore we were not going to be here until 11 o'clock at night. You may not have been here, Senator Macdonald, when we were going through that. He has now provided a list of the outcomes that we still want to ask questions on, and we can do that as efficiently as possible.

Senator IAN MACDONALD—That'll be a first, then!

CHAIR—We do have the prospect of finishing soon after dinner.

Proceedings suspended from 5.51 pm to 7.06 pm

Senator CONROY—I have a number of questions about the ANAO's recent report into the management of HiBIS and Broadband Connect Stage 1. This audit covered a large number of invalid or inaccurate claims: is that correct?

Mr Bryant—Yes, the report identified a number of claims that the ANAO considered may have been invalid or inaccurate.

Senator CONROY—What was the total amount of invalid or inaccurate claims paid under HiBIS and Broadband Connect Stage 1?

Mr Bryant—According to the report—and I am quoting from the report—in which there is a table that indicates costed likely invalid or inaccurate claims, the amount is between \$10.6 million and \$12.4 million, \$9.9 million of which relates to three providers, now in administration or liquidation, to quote from page 21 of the report. That was out of a total of, I think, \$272 million in the period that the audit covered.

Senator CONROY—I am interested in a table on page 22 of the ANAO report titled 'Other Potentially Invalid Claims'. This table outlines six categories of other potentially invalid claims. That seemed to indicate that the government could have paid thousands more invalid claims. However, the ANAO is unable to determine whether this is the case due to lack of information. What is the total potential value of the invalid claims outlined in this table?

Mr Bryant—I can indicate the nature of the ANAO's views about these claims. As the ANAO has pointed out, the total cost, in its view, of these claims has not been identified because it was taken out of their analysis of our various systems, including our mapping database and so forth. The total amount of those that in their view might be potentially invalid has not been costed.

Senator CONROY—This table lists around, I believe, 26,000 payments?

Mr Bryant—That would be the total, yes.

Senator CONROY—That could be valued to \$3,000 each?

Mr Bryant—Potentially.

Senator CONROY—So, theoretically, if you did the maths of that, that could be \$78 million—\$3,000 times 26,000?

Mr Bryant—That is the maths, yes.

Senator CONROY—Or \$78 million. That is 30 per cent of the funds spent under the program.

Mr Bryant—Yes, theoretically.

Senator CONROY—That is in addition, of course, to the \$10 million to \$12 million ANAO has identified as invalidly paid?

Mr Bryant—Yes.

Senator CONROY—You mentioned the \$9.9 million was for three companies. Can we have some details on these companies?

Mr Bryant—Yes, we can reveal those. One was BushCom, which I think went into liquidation in about May last year.

Senator CONROY—How much did BushCom get?

Mr Bryant—I would have to take that on notice, but I can do that.

Senator CONROY—BushCom?

Mr Bryant—The other two companies are related companies, IQ Connect and IQ Networks, which are both subsidiaries of Rawnet or Regional Internet Australia, a Townsville based company that is in voluntary administration.

Senator CONROY—So the parent company or the—

Mr Bryant—Yes.

Senator CONROY—That company is also—

Mr Bryant—IQ Networks was the wholesaler under the program and IQ Connect was the retailer.

Senator CONROY—You said most of the \$9.9 million was these three companies; is that what I heard?

Mr Bryant—All of it.

Senator CONROY—So \$10 million went to three companies and they all went belly up?

Mr Bryant—As I said, two of them were essentially the same company.

Senator CONROY—So \$10 million went to two companies and both went belly up?

Mr Bryant—That is correct.

Senator CONROY—Who was in charge of monitoring these two companies? Was anyone paying attention?

Mr Bryant—Yes. With both of these companies, certainly with IQ Connect, we have—

Senator CONROY—Did anyone notice before they went belly up that they were on the verge of going belly up?

Mr Bryant—Yes. The issue with us is not that they went belly up, it is that they made a number of invalid claims—this is IQ Connect, which I have personal experience of—and we detected that invalidity quickly and took appropriate action. I think the audit report indicates that.

Senator CONROY—But you still lost \$6 million?

Mr Bryant—That is a claim against the company. The company is in voluntary administration at the moment so I cannot make any comment on that.

Senator CONROY—Are we likely to get any of that back?

Mr Bryant—I honestly cannot make any comment.

Senator CONROY—From a company that is in liquidation?

Mr Lyons—It is in voluntary administration at the moment. It has not formally wound up.

Senator CONROY—How much did the bosses pay themselves in their company? Why was DCITA paying subsidies in situations where it cannot verify whether those receiving the subsidies are in fact eligible for those payments?

Mr Bryant—Are you talking about the second table?

Senator CONROY—I am talking about the second table now.

Mr Bryant—We can go through them all in detail, if you like, and explain the exact circumstances, because all of these are—

Senator CONROY—Sorry, that would be the 26,000 payments?

Mr Bryant—Yes.

Senator CONROY—You want to go through all of them in detail?

Mr Bryant—I am happy to go through the six different categories of payments.

Senator CONROY—Not the individual claims. Good, I was a bit worried we were going to be here longer than I had hoped. Please, six categories?

Mr Bryant—I am happy to do that, if you would find it useful.

Senator CONROY—All 26,000? No, the six categories are good; 26,000 we can—

Mr Bryant—I am happy to do that, not the 26,000.

Senator CONROY—That would be great, thank you.

Mr Bryant—The group of 2,019 customers relates to customers that the ANAO identified again from our records that received a HiBIS Broadband Connect service at a location different from their current address or received a service at multiple addresses. In both of those cases, both those activities are allowed under the program in relation to their current address under the program. Residential customers could also claim for a second address if they owned that premises and lived at it from time to time. They could also obviously receive service at multiple addresses in those situations. So there is no evidence that has been provided to us that any of those claims—

Senator CONROY—I am confused. Why does ANAO list them in this way? If you say the rules of your system said they could do that—

Mr Bryant—They could.

Senator CONROY—Why has the ANAO said—

Mr Bryant—I think the ANAO's point is that they may or may not have been valid. Again, to understand the process, the process under Broadband Connect was that customers are required to make an attestation that their claim is valid and they reside at this address or that they have done all the appropriate checks. And the provider who provides a service is required to maintain that attestation on their records for audit from us. The ANAO has gone into systems and looked at our large database of these customers and said, 'Well, here are 2,019 customers who we have identified those circumstances, but they are allowed for under our guidelines.' The question is: are any of those in circumstances where the second address or the multiple addresses is not valid under the guidelines? As I said, we have said to the ANAO,

and we have said in response to this report, that in those circumstances if the evidence is provided we will follow those up and track them down. But they are perfectly legitimate under the program. If we look at the second lot, 13,000 small business customers, that again relates to small business customers under the Broadband Connect guidelines. The definition of a 'small business' is 20 or fewer full-time equivalents, and the ANAO was concerned that some of these may have had more than 20 employees. There is no evidence that they did, but they were concerned they may have by looking at their names. For example, if you looked at 173 small business customers where the organisations' names are recorded as either schools, colleges and churches and business with nationwide representation; again, not public schools but private schools, and small private schools were eligible. The ANAO's point is that—and it gets back to its overall finding about our processes earlier in the program—were they sufficiently strict in identifying whether they fitted into the legitimate category or another category?

Senator CONROY—Should there not have been some test here?

Mr Bryant—As I have indicated earlier today, we have funded 225,000 premises. There is testing. We do audits. We do phone audits. We have an independent auditor who goes and checks records and identifies this very thing. I think the ANAO's—

Senator CONROY—But that is after you have shovelled the money out the door.

Mr Bryant—After we have paid the incentive payments—

Senator CONROY—Yes.

Mr Bryant—on the basis of a provider getting attestations and submitting to us that their claim is valid. I think the ANAO's point is that our processes would have been improved had we had automatic systems in place. We have a very sophisticated automatic system now for checking claims against service areas and against duplicates and against addresses and so forth. I think their second point was that, given our reliance on attestations, our systems would have been improved, and in fact now have been improved, by making the attestation process more standardised. Under the Australian Broadband Guarantee Program, they are now required to be submitted at the time of making the claim. But all of that of course—

Senator CONROY—They did not have to submit any paperwork as attestation before that?

Mr Bryant—No, they had to keep records.

Senator CONROY—They did not have to submit the attestation before you gave them the money?

Mr Bryant—Before they made their claim.

Senator CONROY—So they got the money first and the paperwork came second?

Mr Bryant—No, the rules required them to get the attestation, connect the customer and get the contract in place before they could make a claim. In fact, we have refused to pay a number of claims on the basis that that was not done. But then they must hold those records for a period of three years after the end of the program and submit those records to us when regular audits were undertaken.

Senator CONROY—And the franchise point?

Mr Bryant—That is the same issue. Is a franchise—

Senator CONROY—Part of a national—

Mr Bryant—Yes, is a part or is a genuine small business.

Senator CONROY—Australia Post has both corporate and licensed post offices, so you would need to do an on-the-spot check on every single one of them to—

Mr Bryant—That is right. Obviously with a program of this size there is an issue of resources. The way the program worked undoubtedly was that a lot of the responsibility was put on the provider to undertake these processes, supported by a process of auditing by the department and supported by departmental systems, now automated, that allowed us to thoroughly check those claims. I think the ANAO's overall point was that the program was very well targeted towards those particular kinds of premises but that in the early days in particular there were insufficient systems to have a robust checking of that process, and we have responded to that and improved our processes. I will move on.

One hundred and seventy-seven premises—as you are aware, the Broadband Connect and HiBIS program before it targeted people in regional areas. As I explained earlier today, the demarcation point between regional areas and metropolitan areas was the ABS UCL boundaries into metro. In lots of those circumstances customers are living right on the boundary, and our mapping system, where it cannot locate a customer at a particular number—for example, on a long road in an outer suburban location—will place the customer in the middle of that particular road. In some cases that point on the map was different from the customer's statement of where they lived by a matter a few hundred metres, and put them in the MEA. In all other respects the ANAO acknowledges that they are eligible customers needing a service and receiving a service.

As to the 11,000 recipients of a Telstra extended zone satellite service who have also received a HiBIS service, the issue there is that, under our guidelines, you will recall as part of a \$150 million tender put out by the government back in 1997-98 there was a subsidised broadband satellite service provided by Telstra. In the interests of not duplicating that when this program was put in this place in 2004, it was decided that recipients who had received a satellite service in those circumstances were not eligible. Those guidelines are out there. Telstra was required to observe those guidelines. However, in our view, given that most of those customers had signed up to a subsidised 33 kilobits per second service, it was within the overall policy objectives of the program for them to be upgraded to an improved service under the program. The unknown proportion of provider claims relates to a sample of providers' customers. I understand that relates to an audit that we undertook in early 2006 of one or two providers. As the ANAO report indicates, it was not statistically based. It was a sample of some that may have been at the wrong incentive rate. The 4,499 customers relate to two providers, one of whom was operating in a greenfields area without any ISDN access at all. That provider, at our agreement, put in higher cost claims simply because there was no ISDN available to any of those premises; it was greenfields. The other one in fact was a satellite provider called BorderNET, which was audited by Walter Turnbull, our auditors, and

which satisfied Walter Turnbull it had done the ISDN testing as required under the program, but had not kept the records, which was an error no doubt.

Senator CONROY—Can you tell me the total valid payments made under both HiBIS and Broadband Connect Phase 1?

Mr Bryant—As I said, the total number of payments made under the HiBIS program there were 84,907. That was up to 31 December 2005. As to the six months to 30 June 2006, I will have to take this on notice because my numbers are not broken up that way. But it would have been in the order of somewhere north of 100,000, I would think. Let me take that on notice and give the exact number.

Senator CONROY—Can I get an update on where the tender process for the Broadband Connect Infrastructure Program is up to?

Mr Lyons—That is a decision for government.

Senator CONROY—Tenders usually are, but where are we up to? How many groups submitted proposals?

Mr Lyons—I think I would have to take that question on notice, because the tender process has not yet been completed or a decision made. A decision has not been made by the government.

Senator CONROY—I did not ask for a decision. I just asked how many applicants there were.

Ms Holthuyzen—We have not disclosed the number of applicants.

Senator CONROY—Has there been a short-listing yet? I am entitled to ask these questions. They are not going to anything confidential at all. Has there been a short-listing?

Ms Scott—My colleagues are looking at me. I will find out why.

Mr Lyons—It is not actually a tender, it is a competitive grants process, just for the record.

Senator CONROY—A competitive grant. I will reprimand my staff when I see them.

Mr Lyons—The process is well advanced. The final decisions are for government. I would need to take on notice any particular questions that you would raise about asking those sorts of specifics.

Senator CONROY—What is specific about, 'Have you reached the short-listing process yet?' Exactly what is the danger of answering that question? Can I say, I have asked this type of question to many public servants over many years and I have never had a problem getting an answer.

Mr Lyons—Perhaps I am being overly cautious but I would prefer to get probity advice, given that the government has not made decisions and the process has not been completed.

Senator CONROY—I am not asking you to tell me any decisions.

Ms Holthuyzen—What we are saying is that the process is very well advanced and that is the best we can say.

Senator CONROY—These are factual matters. They are not matters of substance within the competitive grants process; they are just factual matters. They are matters of history. What

does 'well advanced' mean? I can understand that you would have a problem answering 'What does well advanced mean?' but I do not understand why you have a problem answering, 'Have you reached this stage?' If the answer is yes, then the answer is yes. If it is no, then it is no.

Mr Bryant—The issue is that it is part of a process that has not yet been completed.

Senator CONROY—That would then come to the next question. When can we expect the tender winners for this program to be announced? That is part of the process, too. That is an absurd proposition that you could not possibly tell me. The minister announced in 2006 that the winners of this tender would be announced this financial year. Is that still the case?

Mr Bryant—Yes.

Mr Lyons—They are decisions for government to take.

Senator CONROY—I am not saying they are not decisions for government.

Mr Lyons—And the timing of the decision is a decision for government.

Senator CONROY—I accept that. I am a little constrained by the fact that the minister is not here. I would happily put them to the minister, which would make your life a little bit easier, I understand.

Ms Scott—It is our expectation that it will be announced this year but people are just being cautious. It is a matter for the government. So our expectation is yes; we will see what transpires.

Senator CONROY—Everyone is speculating that it is 30 June. I am just trying to find out whether it is going to be announced this financial year. I appreciate that is actually a harder one for you to answer.

Ms Scott—Yes, that is right. We have done the best we can.

Senator CONROY—I agree with you. I do not think that you can do any more on that question. A question like 'Have you reached the short-listing process yet?' is a much easier one. I have seen some media reports that extra money will be included. It would be unusual to put extra money into a process that was nearly completed. Would that affect the probity? Would there be probity issues if a program had extra money included in it?

Mr Bryant—I am happy to indicate that, during the industry briefing process, that very question was asked of us by a number of the participants. We indicated at the time that the budget was up to \$600 million. We indicated that it would always be a matter for government to provide further funds once an assessment stage had been reached and we advised people who wanted some advice on the matter that the best way to approach it would be to put in modular bids.

Senator CONROY—Modular bids up \$600 million.

Mr Bryant—No, beyond \$600 million if they wanted to. They may or may not be considered. That is the advice we gave.

Senator CONROY—So you have a probity process that says that it is possible for you to bid for any amount of money above and beyond what was announced?

Mr Bryant—The assessment is against a budget bid of \$600 million. That is clear.

Senator CONROY—Is it possible for the bid to be beyond \$600 million on what you have described? Sorry, the outcomes would be more than \$600 million, given the modular bidding process you have just described.

Mr Bryant—It is always a matter for government.

Senator CONROY—I understand but, given what you described, who gave that advice?

Mr Bryant—Probity advisers.

Senator CONROY—The probity advisers, when the information process began, said you can bid for more than \$600 million, just put in modular bids?

Mr Bryant—We simply said that the amount that will be assessed is against a budget of \$600 million. If you think you can do a great job with more money, it is entirely up to you. Whether that will be accepted or not is something that we could not give any guarantees either way on. It would be a matter for government.

Senator CONROY—They really had no idea what they were bidding for?

Mr Bryant—Yes, they did. They were bidding for \$600 million.

Mr Lyons—The ranking process was based upon the \$600 million.

Senator CONROY—You are indicating again here that it is a process that said that you can bid for more if you want. That just seems to be a really unfair process.

Mr Bryant—The guidelines indicated that the government could negotiate, and this is again part of any tender that the government can go back once a preferred tenderer has been selected to go back and negotiate other outcomes.

Senator CONROY—I would say yes, but with minor variations. Doubling the scheme or 50 per cent extra on top of the scheme—you are not even bidding for the same.

Mr Bryant—Everyone was bidding for the same, up to \$600 million, and the guidelines were very clear on what they were bidding for. They were very clear.

Senator CONROY—The guidelines were but the probity adviser seemed to indicate that they could bid for whatever they wanted—blue sky.

Mr Bryant—The probity adviser indicated to us, and our advice to all participants was, that they should bid and would be assessed against a bid up to \$600 million.

Senator CONROY—But they could bid for more?

Mr Bryant—No. They all came to us and said, ‘What if we put in another bid?’ We said, ‘If you put in another bid then you put in another bid, but the bid is for \$600 million.’

Senator CONROY—What was this bid for modular?

Mr Lyons—What we are trying to point out is that if you want to put in a bid, we cannot prevent you. If you want to put in a bid and ask for more then that has got to be complete separate and transparent to the bid that you are going to be ranked and assessed against, which is the \$600 million bid.

Mr Bryant—All the assessments were against the common bid.

Senator CONROY—But you could put some bells and whistles on for a larger amount of money than the \$600 million?

Mr Lyons—Separately identified.

Senator CONROY—Absolutely, separately identified.

Mr Lyons—Anyone could do it.

Senator CONROY—I appreciate that.

Mr Bryant—You had to meet a minimum requirement within the budget.

Senator CONROY—My adviser is just humming to himself that they must be extremely broad guidelines and he is a lawyer.

Mr Bryant—They were not broad at all. They were very specific in the core deliverables that had to be delivered.

Ms Scott—I understand the guidelines are available publicly.

Mr Bryant—Yes.

Senator CONROY—I said to you that the guidelines are out there but this is advice after people were approached and then subsequently the probity adviser gave advice. Did every single person approach you who expressed an interest and was given this advice?

Mr Bryant—Everyone was invited to seek any clarification that they wanted to with the department.

Senator CONROY—Did all potential bidders gain this same information about modular bidding?

Mr Bryant—Yes, if they sought it.

Ms Holthuyzen—Yes.

Ms Scott—That is one of the requirements under the procurement arrangements.

Senator CONROY—I am just saying to Mr Bryant—and I am not trying to verbal him, so please correct me if I get it wrong, but you are suggesting—

Mr Bryant—I am happy to take it on notice but my strong understanding of the guidelines is that that process is there in the guidelines.

Senator CONROY—The process that you can come and ask is there. What I am saying is—

Mr Bryant—No, the opportunity to put in modular bids may be in the guidelines, but I will take that on notice. I know the guidelines quite well.

Senator CONROY—I find this quite extraordinary. From the sound of it all three of the remaining shortlist could pick up \$600 million if they knew what was going on. From what you described there is no limit to this particular tender or this competitive granting. There is no limit to the grant.

Mr Bryant—I should point out without making a comment about who might or might not have been short-listed or selected—

Senator CONROY—I can give you the names if you like.

Mr Bryant—that the clarifications provided to individual potential applicants at the time the guidelines were issued were published on our website where it was believed that they would provide guidance to people. Again I will take it on notice and can provide that clarification.

Senator CONROY—I am just genuinely concerned with the process that a probity adviser could say, ‘If people come and ask you for more information or ask if they can bid more then you can tell them this.’ To me that does not sound like everybody who was interested or potentially interested would actually have the same level of information.

Mr Bryant—As I was saying, where people came to us and sought clarification we told everyone that, if we believe the clarification would provide some assistance to bidders generally, we would place that on our website.

Ms Holthuyzen—Everybody had the answer.

Senator CONROY—Thank you. That has helped clarify that.

Mr Bryant—I am happy to take on notice whether that particular point was actually—

Senator CONROY—I would be interested in finding out what is up on the website to see if everybody became aware that they could actually bid for as much as they wanted, if it was a modular, separate, transparent process.

Mr Bryant—There was no indication given to anyone that more than \$600 million was available.

Senator CONROY—You have just sat here and said that there was.

Mr Bryant—No. What I said and what we said to potential bidders was that, if they wanted to put in a larger bid, that was open to them. It might not necessarily be accepted and it was always up to government if they wanted to provide more money. We never ever said to anyone that more money was available. Never.

Senator CONROY—I appreciate that. That is an important distinction, that you said that you could not vary it but the government could vary it if they wanted to. I appreciate that distinction. We are still missing the minister, which makes it hard to finish.

CHAIR—Would you like us to ring the minister’s office?

Senator CONROY—My last batch of questions are actually to the minister. I am happy to take a five-minute break.

CHAIR—We will take a short break.

Senator CONROY—Before that short break we were talking about your new views on the USO as opposed to your old views and we had some possible misunderstandings about the nature of it. What is the minister’s view on the relationship between the USO and Telstra’s FTTN plans? Are they connected?

Senator Coonan—I am not going to be talking about policy matters.

Senator CONROY—If there is any shortfall in the level of USO’s subsidy relative to the cost of delivering the USO, who would fund that?

Senator Coonan—I will have a look at that. I have already said there is a review.

Senator CONROY—I have asked this question a number of times through the Senate estimates process and I have patiently waited for answers to questions on notice to no avail.

Senator Coonan—Which ones were they? I had thought we had answered them all but I can look into it if you can just identify which ones.

Senator CONROY—These are questions around the USO and the cost of delivering and funding.

Senator Coonan—Do they have a number?

Senator CONROY—I do not have a number handy. I will get that for you and I will supply that to you also. Is the government committed to parity of service between metropolitan, rural and regional telecommunications services?

Senator Coonan—Yes.

Senator CONROY—Does this commitment extend to the minister's negotiations with Telstra on FTTN or G9?

Senator Coonan—That is a policy matter.

Senator CONROY—You stated that your policy is.

Senator Coonan—Yes, I am not going to elaborate. I have just said that is a policy matter.

Senator CONROY—Is this a policy that will be maintained in discussions with Telstra or G9?

Senator Coonan—I am not going to tell you that. What I have said is the government's policy is to maintain parity.

Senator CONROY—Will the minister guarantee that rural and regional Australia will receive a parity of service to the five major capital cities under any deal that is negotiated with Telstra or G9 for an FTTN rollout?

Senator Coonan—First of all there is not likely to be any deal, as you put it. Secondly, the policy is as I have stated.

Senator CONROY—You remain committed to delivering parity of service?

Senator Coonan—Yes.

Senator CONROY—In terms of the reported exclusion of the ACCC from the minister's negotiations, which have been confirmed earlier today with Telstra and G9 over the FTTN—

Senator Coonan—Who confirmed that? I have not.

Senator CONROY—We had a discussion of who attended the meetings.

Senator Coonan—That does not necessarily mean they are excluded. There is a difference.

Senator CONROY—Is the minister aware that the Chairman of the ACCC, Mr Graeme Samuel, recently commented that 'the minister's discussions with Telstra are something we are not a party to and the ACCC has not been privy to what has been discussed'? That seems fairly straightforward.

Senator Coonan—I am not clear about what the chairman might have said but the situation is that I have a very different role to the regulator. The regulator is there to enforce the law and the regulation in the way it stands. My job is to make sure that the regulatory framework responds to the ever-changing landscape in telecommunications.

Senator CONROY—So you do not believe that the ACCC should have been involved in those discussions?

Senator Coonan—No, not necessarily. They are there for a different reason but that does not mean to say that they are excluded. I talk to the ACCC a great deal.

Senator CONROY—If they were not excluded then why were they not invited?

Senator Coonan—They do not have to be invited. The fact that somebody does not attend does not mean to say they are excluded.

Senator CONROY—Mr Samuel sounds like he has been excluded.

Senator Coonan—You can ask him that.

Senator CONROY—'The minister's discussion with Telstra are something that we are not a party to and have not been privy to what has been discussed.'

Senator Coonan—It is not Mr Samuel's job to be part of the formulation of policy.

Senator CONROY—Do you have confidence in Mr Samuel?

Senator Coonan—Absolutely. Total confidence.

Senator CONROY—Pleased to hear that.

Senator BIRMINGHAM—Were you a party to the discussions with the ACCC?

Senator Coonan—Not always. Certainly not, they have a different role.

Senator BIRMINGHAM—That is right. You do not feel excluded, do you?

Senator Coonan—No, I feel loved and wanted.

Senator CONROY—I feel excluded.

Senator Coonan—Well, I am not surprised.

Senator CONROY—That is the story of my life.

Senator BIRMINGHAM—We are all here for you.

Senator CONROY—Is the minister aware of the recent comments of Optus CEO, Paul O'Sullivan, that 'the government should not contemplate for a second doing a deal with any network builder without full and extensive consultation with all affected parties, including those who would seek access to the network'?

Senator Coonan—People say things all the time.

Senator CONROY—Is that an unreasonable thing for Mr O'Sullivan to say?

Senator Coonan—I am not going to comment on that. My job is to concentrate on the development of an appropriate policy framework.

Senator CONROY—Mr O'Sullivan is the chief executive of the second largest telecommunications company in the country.

Senator Coonan—It does not mean that I have to agree or disagree with every statement. I do not think that, as far as policy is concerned, I need to answer that.

Senator CONROY—He also went on to say that Optus would take legal action if that happened.

Senator Coonan—They may. That is a matter for them on how they wish to run their affairs.

Senator CONROY—Will you give a commitment that the government will not reach an agreement with any network builder without full and extensive consultation with all affected parties, including those who would seek access to the network?

Senator Coonan—I do not know whether Telstra or Optus have written your questions for you. I think I have made my position clear.

Senator CONROY—It could be Telstra and Optus.

Senator Coonan—Both of them perhaps, but I have made my position clear and it is not going to get any clearer.

Senator CONROY—You have said your role is to facilitate.

Senator Coonan—No, I said my role is policy.

Senator CONROY—Yes. Facilitating the policy to ensure the outcomes.

Senator Coonan—Yes, but I am not going to tell you what it is that I am doing and I am not going to tell you any of my views about it.

Senator CONROY—I am not asking you to. I have just asked you about a process.

Senator Coonan—It is not the process. You are asking me to make a qualitative view about a statement, and I do not think that I have to do that.

Senator CONROY—I am asking you to express a view about a process.

Senator Coonan—I do not have to express a view.

Senator CONROY—A view about a process of consultation with affected parties.

Senator Coonan—I already answered that an hour or two ago.

Senator CONROY—What was that?

Senator Coonan—You can read it on the transcript but I said that I support transparency.

Senator CONROY—This is different to transparency. This is having consultations with affected parties.

Senator Coonan—Who are the affected parties? Can you tell me that?

Senator CONROY—All those who would seek access to the network.

Senator Coonan—The regulatory framework is there. That is what it guarantees.

Senator CONROY—You are indicating that there may be changes to the regulatory framework.

Senator Coonan—No, I have not said that.

Senator CONROY—I said ‘may be’.

Senator Coonan—I have not said that.

Senator CONROY—I am not trying to put words in your mouth.

Senator Coonan—I am not going to engage with you on policy. I am not going to express a view. We can sit here until 11 and I will not change my view. I answered the same questions about an hour or two ago.

Senator CONROY—Optus have further proposed a structured public process in which each interested party puts its proposal for a high speed network on the table. Proposals would include access pricing, regulatory changes required by each bidder and detailed technical specs. That seems perfectly reasonable.

Senator Coonan—It may well be but I am not going to comment on it.

Senator CONROY—Are you prepared to follow a process like that or do you prefer behind closed doors deals?

Senator Coonan—I am not going to comment on what I will do by way of policy.

Senator CONROY—That is not a policy, it is a process.

Senator Coonan—It is the same thing.

Senator CONROY—Policy equals process.

Senator Coonan—Excuse me. Deciding how you are going to proceed with something like this is a decision of government and, until I announce it, I am not going to be engaged on the detail of how I will do anything and I do not have to.

Senator CONROY—You could actually deliver on your stated commitments about wanting transparency in the process, but clearly you are not interested in it.

Senator Coonan—Hang about.

Senator CONROY—I have a small number of questions about the impact of the representations made by the government on its policy-making flexibility. What is the impact of Commonwealth representations made in the T3 prospectus? Is the government constrained from acting contrary to these representations?

Senator Coonan—That is a legal opinion and we will take it on notice.

Senator CONROY—What is the legal opinion in asking whether the government constrains from acting contrary to your representations?

Senator Coonan—You are asking us to construe the legal effect of the document and we will take it on notice.

Senator CONROY—Do you have a lawyer here?

Senator Coonan—We will take it on notice.

Senator CONROY—You are a lawyer, Senator Coonan. Ms Scott, you are a lawyer?

Senator Coonan—I certainly am and I will take it on notice.

Ms Scott—I am sorry. I am an economist.

Senator Coonan—We cover the whole spectrum here, so to speak.

Senator CONROY—You are the lawyer. You should be able to tell us.

Senator Coonan—I might well be able to but you are going to have to wait a bit because we are taking it on notice.

Senator CONROY—Is the department or the minister aware that the Telstra prospectus provides at 5.3 that:

... overall the regulatory legislation is settled however the commonwealth has announced that it will review the telecommunications competition regulatory regime in 2009.

Does that sound familiar? You signed it.

Senator Coonan—Yes.

Senator CONROY—In the government's view does this statement create the impression that the government will not be undertaking any major regulatory reforms in the telco sector before 2009?

Senator Coonan—That requires us to make a subjective judgment and we are not going to do that.

Senator CONROY—Take that on notice. Is the department aware that the Minister for Finance's letter on page 4 of the prospectus provides:

... the Australian government is committed to promoting a competitive telecommunications industry for the benefit of all consumers and has in place an appropriate telecommunications regime to facilitate this outcome.

That is the Minister for Finance in a prospectus. It is a legally binding document. Are you aware of that?

Senator Coonan—Are you sure? Yes, I know that, of course.

Senator CONROY—Thank you.

Senator Coonan—I am grateful for the emphatic statement.

Senator CONROY—It is emphatic. Does the government believe that these representations in any way constrain the government's ability to undertake major policy reform in the telco sector?

Senator Coonan—That is not a subject. What I believe is not really a proper question.

Senator CONROY—What questions would you like me to ask you?

Senator Coonan—We have just about exhausted the questions. You could ask me about policy but you cannot ask me what I think, unfortunately.

Senator WEBBER—You actually said you would not answer policy questions before.

Senator Coonan—No. If it is an announced policy, you can go your hardest. If it is something under consideration, you may not because I am not prepared to divulge that.

Senator WEBBER—Review the transcript. You did not make that distinction.

Senator Coonan—In terms of what I believe, that is not a proper basis for a question.

CHAIR—The minister would have assumed that you understood the distinction.

Senator WEBBER—She just said she would not answer policy questions.

CHAIR—The minister would have assumed you understood the distinction.

Senator WEBBER—I would have assumed the minister would have been here at seven.

Senator CONROY—The G9 are seeking a regulatory prohibition on any overbuild of its network should it proceed with the investment. Would the government consider such an overbuild prohibition to be a major regulatory reform?

Senator Coonan—That is something that I would have to consider.

Senator CONROY—Will you take that on notice?

Senator Coonan—It will not make any difference.

Senator CONROY—I appreciate it is not going to make any difference, but could you take that on notice?

Senator Coonan—I do not see how announcing in advance whether or not the government thinks that there should be some changes to prevent an overbuild is a proper question when it is not part of a policy process that is completed or announced.

Senator CONROY—Is the department or the minister aware that Telstra have expressed ‘serious concerns about the accuracy of the Commonwealth’s regulatory representations in light of the G9’s proposal’?

Senator Coonan—Regulatory representations—I am not quite sure what that means. Can you enlighten me on that?

Senator CONROY—Regulatory representations would be what you wrote in the prospectus, which is a legally binding document that you signed.

Senator Coonan—Telstra have got their own legal advice. They are quite entitled to be advised in the best way they can see fit. I do not see what that goes to in terms of the departmental operations.

Senator CONROY—Is the department aware that Telstra have stated, ‘Telstra would like to know exactly when the ACCC became aware of that’, referring to Mr Samuel’s statements that the G9 was a serious proposal? Was it during the T3 process and if so, why was it not disclosed? I am just asking are you aware of that statement?

Senator Coonan—I have no idea.

Senator CONROY—Not aware?

Senator Coonan—No idea.

Senator WEBBER—Anyone from the department?

Senator CONROY—Does the minister have a response to that statement?

Senator Coonan—No, I do not have any idea when it was made.

Senator CONROY—2 March 2007.

Senator Coonan—I am sorry. I cannot help you. We seem to be conflating Mr Samuel and Telstra's views here.

Senator CONROY—No, I am just drawing on statements that others have made publicly.

Senator Coonan—You are asking me to draw some conclusion about what Telstra thinks about what Mr Samuel said and when they thought it. Really, I know it is late.

Senator CONROY—It is not late. It is only five to eight.

Senator Coonan—No, late in the day for the estimates. I just cannot see how that is an appropriate question.

Senator CONROY—I am sure that the minister would be aware that Telstra took out a series of full page newspaper advertisements around Australia last week.

Senator Coonan—Is that the one where they said they did not need any money to build the network?

Senator BIRMINGHAM—Using taxpayers' money?

Senator Coonan—They did not need \$5 billion to build a network.

Senator CONROY—That is because they are not going to build a national network under their proposal that they put in the newspapers.

Senator Coonan—Is that the one where they said they did not need \$5 billion of government money?

Senator CONROY—That is because they were not actually building a national network. If you read that document they handed you 18 months ago, they make it quite clear that they wanted the handout to build a national network. That is in their document that you were handed 18 months ago.

Senator Coonan—Are you suggesting that they do need money for what they are proposing to do?

Senator CONROY—No, I am saying that Telstra, when they said they wanted to build a national network, indicated in the document that they handed to you that they would like some government money and to your credit you rejected it.

Senator Coonan—That was for regional areas. We are already doing that.

Senator BIRMINGHAM—There is no overlap between your proposal and Telstra's \$4.1 billion proposal?

Senator CONROY—No, that is separate. It is the \$8 billion in total that the proposal is, which incorporates the metro build and the regional. Puts them together, averages.

CHAIR—That is interesting, but—

Senator CONROY—If I could get back to my question before you start interrupting from the chair, as always. We have almost finished. The end is in sight. The newspaper advertisements provided, amongst other things, that within 48 hours of receiving the necessary assurances from the government, Telstra will begin a 14-day process of making ADSL 2+ available to more than 100 exchanges in outer metropolitan and regional Australia providing broadband speeds of up to 20 megabytes. The communities to benefit include

Ferntree Gully, Moe, Diamond Creek, Benalla, and there are string of others. Has Telstra made direct representations to the government about what—and I am using their words—these necessary assurances are?

Senator Coonan—I am not sure what they are. Can you help me?

Senator CONROY—No. I am saying have they made direct representation? They do not waste their time with me.

Senator Coonan—They have about a number of things but I would be really grateful if you could tell me.

Senator CONROY—I have not got any more. I was hoping you could enlighten us.

Senator Coonan—They can turn them on now if they wish.

Senator CONROY—I was just going to say, what is your view about the validity of Telstra's need for these necessary assurances?

Senator Coonan—People have different views and companies have different views, but from the government's perspective there is no impediment to them turning them on now if they wish.

Senator CONROY—On 30 November 2006 you stated:

Telstra cannot continue to falsely claim government regulations stands in the way of giving consumers faster broadband. Mr Samuel made his position plain today showing that there are no regulatory impediments in giving more Australians access to ADSL 2+. It appears Telstra is prepared to cut off its nose to spite its face when it comes to broadband.

Senator Coonan—Did I say that?

Senator CONROY—You did.

Senator Coonan—Was that me or someone else?

Senator CONROY—That was you.

Senator WEBBER—That was you.

Senator Coonan—I thought that was me.

Senator CONROY—Is that still your position?

Senator Coonan—Absolutely. They can do it if they wish. That is not to say they may not from their perspective have a different view. I readily recognise that. But certainly, from the government's perspective, we do not think that there is any regulatory barrier to turning on ADSL 2+.

Senator CONROY—Is it your view that the government should not take any action to facilitate the availability of ADSL 2+ in those exchanges, because they can actually do it anyway?

Senator Coonan—They can do it now but I am not going to enter into any other discussion on it.

Senator CONROY—You are not prepared to say that the government should not take any other action to facilitate it?

Senator Coonan—As I have said, I am prepared to do anything reasonable. I have invited all of industry to come to me with their views and, indeed, G9 and Telstra have, but the government's view, which is what I am obliged to account for here, is that there is no regulatory impediment to turning on ADSL 2+.

Senator CONROY—There is no regulatory impediment at all that you are aware of?

Senator Coonan—Not that I am aware of.

Senator CONROY—So Telstra are just talk and no book?

Senator Coonan—What I have said is that they can have a different view. They have got an argument, which they have made plain publicly. If they have not then I am not going to talk about it.

Senator CONROY—Thank you. I will eagerly await developments, as you said.

CHAIR—That appears to conclude these estimates. I will just remind senators that written questions on notice should be provided to the secretariat by the close of business Friday week, 1 June 2007. I thank the minister and officers for their attendance, particularly Ms Scott for her first estimates with this committee. I thank Hansard and the secretariat for their support in organising this meeting. I hereby close these estimate sessions.

Committee adjourned at 8.01 pm