



PARLIAMENT OF AUSTRALIA
HOUSE OF REPRESENTATIVES

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Submission

Mr Dick Estens
Chairman
Regional Telecommunications Inquiry
Locked Bag 8690
Canberra ACT 2601

1st October 2002

Dear Mr Estens

Following is my submission to the Regional Telecommunications Inquiry.

I have based my submission on the results of a survey I have conducted across the New England Electorate that has generated a response the size and speed of which I have not seen before. Within ten days, 5,573 people responded with more still coming in each day. 40% of the problems are with Mobile Phone Coverage, 18% with Internet Access, landline issues made up 12%, Cabling & Infrastructure 10%, Broadband access 7%, and 'other' problems making up 13%. These responses have already been forwarded to the Inquiry. They have all been signed with names and addresses provided and I trust that these responses will be given due consideration as individual submissions to the Inquiry.

The topic of Telstra service and sale was also high on the list of topics of discussion raised with me at 6 well attended Public Meetings held in Inverell, Glen Innes, Tenterfield, Armidale, Tamworth and Guyra.

I have also had a Telstra Problem Register running for the New England Electorate since December 2001 where people in the electorate have been able to register their problem and I have then been able to draw the problem to the attention of the Regional Office of Telstra Countrywide and work with both Telstra and the consumer to achieve many positive outcomes but regrettably there are still many to be addressed to the full satisfaction of the consumer.

My response therefore should be viewed as representing a typical country Australian area, that of the broader New England Electorate and based on facts gathered over a ten-month period from real people with very real problems impacting on their day to day life and their futures.

Thank you for the opportunity of making this submission to the Regional Telecommunications Inquiry. I trust that my evidence and I'm sure the evidence of many others in country Australia will prove to your Inquiry that Telstra services are far from "up to scratch" no matter what benchmark may be set, but particularly when compared to the service available in metropolitan Australia.

Yours faithfully

Tony Windsor MP
Member for New England

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Submission to
The Regional Telecommunication Inquiry
From
Tony Windsor MP
Member for New England

1st October 2002

1. The extent to which the Government's response to the Telecommunications Service Inquiry (TSI), other Government initiatives and further commercial developments have so far addressed the community concerns identified in the TSI Report, particularly with regard to:

- **the timely installation, repair and reliability of basic telephone services;**
- **adequate mobile phone coverage at affordable prices; and**
- **reliable access to the Internet, and whether ongoing delivery of the Government's response will meet the TSI concerns within a reasonable timeframe.**

Only through the political imperative of the Federal Government's obvious desire to proceed to the full sale of Telstra has Telstra services improved in relation to the Besley Report or TSI.

However, with regard to the above, the definitions of "timely", "adequate" and "reliable" all lead to a very subjective analysis of the situation rather than an objective comparison of what is currently available in the city and that available in the country.

This could lead one to the conclusion that a quality of service less than that available in the city is acceptable to the Government as a "trade off" for living in the country and further that country people should not expect equity of service and price when it comes to Telecommunications services.

To provide the Government then with an objective Benchmark, the Inquiry should be using the quality available in metropolitan Australia. That is what country Australians should be entitled to receive, as the rhetoric we are regularly told is that it doesn't matter where you live these days, technology has improved to the degree that it no longer matters.

The reality however, is quite to the contrary.

If you happen to live in the country, from feedback from people of the New England electorate, the quality of service of mobile phones (where 25 – 30 more mobile service towers are needed to provide 'adequate' coverage) and access to the Internet is very "inadequate" both in coverage and speed. For other services that have not been taken up as quickly in the country as in the city, like Broadband access (which is currently being promoted by Telstra) people haven't yet had the opportunity to judge the adequacy. Initial feedback however, is that it is not adequate due to a lack of cabling infrastructure and also knowledge of installers of the technology.

Mobile phone coverage has fast become an essential service for those who can access the network. As such it is becoming relied on particularly for emergencies. It is therefore very important for the smallest of communities and isolated areas to be able to access the mobile phone network as more farmers are working on their own and if in trouble need this service more so than in built up areas. Without wanting to over-dramatise the situation, mobile phone coverage could be the difference between life and death.

2. The performance of Telstra, as the primary Universal Service Provider, in meeting Customer Service Guarantee (CSG) standards on the timely installation, repair and reliability of basic telephone services in regional, rural and remote Australia, compared with its performance in metropolitan markets and with overseas carriers in reasonably equivalent markets.

Feedback from members of the New England electorate is that in a number of cases, the deterrent of Telstra having to pay compensation to customers for not meeting their CSG timeframe is in fact providing Telstra with a cheaper option than actually meeting their timeframe.

Most people who apply for a phone connection, want the phone on as quickly as possible NOT compensation for delays. They have households, farms and businesses to run and need a phone service and other associated services to access the market or generally do business and communicate with the outside world.

3. Additional Government action that may be taken to remove impediments to the delivery of internet services at 64Kb/s or better and wireless-based technologies in regional, rural and remote Australia.

Most of the impediments to deliver Internet access services at 64Kb/s or better is related to the age and capacity of the current infrastructure in the copper wire and exchanges that haven't been upgraded to necessary capacity. Satellite technology in many cases, still has to make use of some of this infrastructure and therefore a bottleneck develops at the slowest point. Two-way satellite is now available however the cost is prohibitive and the implementation is unsatisfactory. Whilst wireless based technologies could alleviate a few of the problems, cost then becomes a factor both for the provider and the consumer and therefore under the "user pays" principle, puts the upgrade into the uneconomic category. Although high speed broadband (ADSL) has been rolled out in a number of country locations it is severely limited to a very short distance from the exchange.

In the electorate of New England, over 50 exchanges don't have access to better than average speed for the Internet.

4. The current provision of legislated consumer safeguards including the Universal Service Obligation, the Customer Service Guarantee, untimed local calls and the Telecommunications Industry Ombudsman and whether further action is required to ensure these safeguards are enforced into the future.

USO's, CSG's, untimed local calls and Ombudsman activities are only as good as the legislation under which they operate. This legislation is only as good as the Government that introduces it in that term of the Government.

In response to a question I asked the Prime Minister recently, he advised the Parliament that under the constitution, no Government could bind a future Government.

In his reply, the Prime Minister said 'We should always operate under the assumption that a law passed by one parliament can always be repealed by another parliament and I would not try and pretend otherwise.'

Mr Howard's support of the constitutional definition reinforces my opposition to the full sale of Telstra.

The Prime Minister was honest enough to admit to the Parliament that a promise of service delivery and service levels was only as good as the current term of a Parliament. After that, all bets are off.

The full sale of Telstra could mean that any guarantees given now could be changed but more importantly, that without some form of government ownership any guarantees that new technologies are delivered to country people aren't worth the paper they're written on.

5. The ongoing commitment of Telstra to a local presence (such as Telstra Country Wide) in regional, rural and remote Australia.

The establishment of Telstra Countrywide came about due to political pressure from Independent Member for Calare, Peter Andren and the need for the Government to not only make an effort to improve telecommunications services in the country but also be seen to be doing so.

I commend the New England Telstra Countrywide Regional Manager, Ian Peters and his team for their efforts in trying to address problems brought to their attention as quickly as possible.

However, this has been brought about by political imperative as the Government continues to promote and push towards the full sale of Telstra rather than a burning commercial desire and need to deliver better services to its customers through the highest quality infrastructure and therefore provide a greater return to its investors.

Telstra has cut its workforce considerably over the last 10 years with many jobs going from regional centres and other work being contracted out to “out of town” contractors who have no long term commitment to the region and employing local people.

Where once, Telstra (Telecom) staff made up a substantial part of the community with a steady workforce and people who got involved in the broader community contributing greatly to the social fabric of the community, this has changed to a smaller less stable workforce and as a result are less likely to become too involved in community activities thereby impacting on the social fabric of our communities.

This reduction in “social capital” available in the community is very hard to measure objectively apart from population decline, but rather becomes apparent over a period of time as community groups start to dwindle as membership decreases, once successful community events drop off in number and attendance and community spirit is no longer attracting people to get involved.

6. The most effective means by which the Government can ensure that people in regional, rural and remote Australia can share reasonably equitably - in terms of availability and cost - with residents in metropolitan Australia in the benefits of future advances in telecommunications services resulting from competition and new technologies.

It is disappointing that again the terms “share reasonably equitably” are used in the description of this point. “Share equitably” would have been a better phrase as it would have inferred an equal quality of service. However to add the word “reasonably” to it infers that country Australian can only ever expect a lesser service than that available to metropolitan Australians. This (and reiterate my earlier comments) when Government rhetoric regularly tells us that it doesn’t matter where you live these days, technology has improved to the degree that it no longer matters and you can do business equally as well from the country as you can from the city.

The reality of this Government statement is a long way off and therefore the best way for the Government to ensure that people in regional, rural and remote Australia can share equitably - in terms of availability and cost - with residents in metropolitan Australia in the benefits of future advances in telecommunications services resulting from competition and new technologies is for Telstra to remain in majority Government ownership.

By maintaining Telstra in majority Government ownership, pressure is maintained on **OUR** Telco to meet the needs of the community, not the needs of shareholders who by it becoming fully privatised will become the main pressure group to return a maximum dividend to them, not to provide the highest quality service to people in country Australia and level up the playing field for city-country opportunities both economically and socially.

Telstra is also contributing substantially to the Government’s income each year sharing in the \$2.4B dividend for the year ending June 2001 as well as \$2.2B income tax. For the short term gain of further reducing Government debt through the full sale of Telstra when it tells the community that it has been successful in reducing Government debt from \$96B to \$35B in 6 years through its economic management skills would be tragic. At this rate of debt reduction (approximately \$10B per annum) they could reduce the rest of the debt within the next 4 years and still maintain majority ownership of Telstra deriving a large contribution into the future and also providing country Australians with the confidence that services will be improved equitably with metropolitan services not just “reasonably” equitably – something that country Australians should never be asked to accept nor should they ever accept.