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RURAL AND REGIONAL SERVICES AND DEVELOPMENT COMMITTEE

Inquiry into regional telecommunications infrastructure for business

Traralgon — 9 June 2005

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Mr Phillip Harris, Manager, Information Services, LaTrobe City Council.
THE CHAIR: Welcome, Phillip. Thanks for (indistinct) today. Under the powers conferred on this Committee by the Constitution Act and the Parliamentary Committees Act, this Committee is empowered to take all evidence at these hearings on oath or affirmation and I wish to advise all present at these hearings that all evidence taken by the Committee, including submissions, is, under the provisions of the Constitution Act and the Parliamentary Committees Act, granted immunity from judicial review.

I wish to advise witnesses that any comments made outside the Committee's hearing are not protected by parliamentary privilege. We're an all party Parliamentary Committee and hearing evidence today on an inquiry into regional telecommunications infrastructure for business. Welcome and thanks for coming and taking time to put a submission together. If you can give us your full name and the organisation you work for, its address, and also your position within that organisation.

MR HARRIS: Sure. My name's Phillip Harris, I'm the CIO or the Manager of Information Systems for the City of Latrobe. Their address is 141 Commercial Road, Morwell.

THE CHAIR: If you would now like to make your statement or if you want give us your presentation, we'll have some questions for you following that. Because all your evidence will become public evidence in due course.

MR HARRIS: Thank you. Well as I said, my name's Phillip Harris. Thanks for the opportunity to speak with you today.

Just by way of introduction I guess I should mention that I sit on an advisory board for the Monash University IT Faculty, I also sit on a number of steering committees for Local Government, Latrobe Valley Region, including the Telecommunications Strategic Group, which is a group that was funded by Multi Media Victoria to look into the state of telecommunications and the opportunities in the Latrobe Valley area, and also on the Gippsland Local Government Network IT Steering Group, so in the local network with IT managers that sit together to assist in terms of creating and developing opportunities for (indistinct).

I'd just like to refer to the slide show, I guess, that I've brought forward today, and I guess by way of introduction again to the region, just talk a little bit about a number of issues, as you can see there on the second page the geographic location, the business demographics, the telecommunication needs, our strategy moving forward and then open up to discussion.

Latrobe City has around 75,000 inhabitants. The largest population centre in Gippsland and the major town populations, you can see there, are sort of Moe 15,000, Morwell 13, Traralgon 20.

Latrobe Valley is only a 90 minute drive east of Melbourne via a multi-lane freeway or the regional rail network. Major profile of the community is a youth population is about 35 per cent of the population 0-24 age group, with 12 per cent of the population over 65, and some stats there just regarding the age of people over 60 (indistinct) between now and 2021.

In terms of the business demographics, these figures are the result of a recent study which was, as I said, funded by Multi Media Victoria into the Latrobe region, specifically Latrobe City, in terms of the (indistinct) opportunity for broadband and various telecommunication services.

As you can see there the results, percentage-wise down the right-hand side, you've got a diverse labour force and employment figures. I guess, as you would imagine, electricity and gas, education and manufacturing there being up there with retail being probably the major industry in the area.
Number of businesses by postcode in the various cities, if you like, or townships within the municipality, to give you some idea of the total amount of business within the municipality.

In terms of our telecommunication needs, I guess it needs to be said that Telstra is the dominant telecommunications service provider in the region with little or no realistic competition from other players, including Optus, AAPT or the smaller providers.

I guess to a certain extent we have a high band width corridor along the highway, however the extension of that high band width sort of diminishes as you move off that central corridor. We call it off the main road. And certainly in the rural areas around the municipality it can be difficult.

I guess in terms of provision of adequate telecommunications to rural businesses, I mean clearly we need to increase the infrastructure roll-out at the bottom line. We need - the mobile phone towers need to be put in place and ADSL capable exchanges need to be rolled out into the rural areas.

One of the issues that was uncovered in the recent study was that whilst there are coverage maps and documentation to support the coverage and the depth of coverage within rural areas, its not necessarily reflective of reality. That is to say that in some areas where you may have good coverage, the reality is that you probably need to hold your phone out here and your tongue sideways and you might get a signal. And that's just based on the topography and just the way things are. However, it does drop out and it is prone to weak or no signal (indistinct) in some areas.

I've put a couple of little sort of anecdotes, I guess, on the top there. I mean, a competitive market place drives innovation, creates choice and improves efficiency and service. And they're just fairly basic business principles in terms of how one would go about increasing services and things like that. If there's no competition then there's virtually no business rationale, I guess, to improve, rather, it's easy to do nothing.

MR CRUTCHFIELD: Can you expand, in relation (indistinct) dominant player.

MR HARRIS: Yes. I think that it's fair to say that the survey for, you know sort of, support of this notion that there was no significant competition in the region, although, having said that, Optus is starting to become a little bit more involved just recently. So they are – I don't believe they are offering full commercial services yet but there is potential for that to occur. AAPT did operate the fibre into the schools program, however, that was not opened up sufficiently and in fact AAPT didn't see any opportunity to fully commercialise that offering. And so therefore it went to the school, passed every house potentially in the street, but just to the school, therefore an opportunity, potentially, lost. It wasn't opened up to the full commercialisation.

And again, a number of very small players with very short pockets, so to speak, just aren't able to create the infrastructure required to provide adequate services.

I guess from that point it would be fair to assume that Telstra has no – is under no pressure at this point from other commercial operations. Now, that's not to say that they may not be under political or other pressure, but certainly not from a business stand-point.

Again, one would be able to draw the conclusion that in that market environment the potential for innovation, choice and improved efficiencies may not thrive.

I guess we're talking about the opportunity to improve connectivity and options. As I mentioned, we have limited mobile phone coverage once you're off the main street. CDMA, GPRS, at one time an EBDO, well EBDO doesn't exist here even though in the marketing material you might think it does, but we're sort of back to CDMA-1 type speeds.

MR HARRIS: EDBO is a – I don't know what the actual initials stand for but it's actually a much higher speed mobile access. So Internet access. So one can, in built-up areas in the cities, metropolitan areas, get much greater speeds.

In some cases we have very low dial up speeds which aren't suitable for business applications and ISDN and the like are still quite expensive. So again, off the main street, it's difficult for business to actually get connected.

In some cases there are delays in terms of service installation off the main road, business inability to get connected and sometimes just, again, the ability to install an ASDN line and the like can be quite drawn-out.

Satellite phones and satellite Internet options. Obviously satellite phones are quite costly and the satellite Internet option is too costly as well.

However, having said that, the High Band with Incentive Scheme, which is HBIS, is available, however it's not widely known nor publicised. And I think this is interesting.

It's available but nobody kind of is aware of it, unless you're actually in the industry. And I guess if you were to ask for it, it's again, difficult to get information.

MR CRUTCHFIELD: Why will that improve services, can you explain that?

MR HARRIS: Yes. The HBIS scheme is basically about promoting a, I guess, satellite kind activity and ISDN, so it's a marriage, if you like, of ISDN upload and satellite download, and what it does is it provides much higher band width in terms of (indistinct) and information that flowed into rural and remote areas. So it's a subsidised scheme, basically, that lowers the cost substantially.

This is just a little bit on the next page here, just about our strategy moving forward in terms of Latrobe City and the initiatives that we are putting forward. And again, Latrobe City attributes that we would like to maintain, a diverse, substantial, vibrant and connected community, and we will continue to improve regional telecommunications through the following initiatives.

We provide education in terms of information sessions to help business understand the benefits and the awareness moving forward. And some of these, I guess, initiatives were put together through the strategy document that we put together which was, as I said, under Multi Media Victoria.

So this is in its draft form but the suggestion was made that we could investigate alternatives, broadband over the powerlines, I think was mentioned earlier, is one opportunity, back hall services. If Council was able to – I guess various councils were about to work together, there was talk of being able to put together a community telecommunications initiative. There are other opportunities using the big track fibre that's been brought up through the train line, and other initiatives that could be used as an alternative to stimulate, to a certain extent, competition and to give us a broader range of options.

Aggregation is another opportunity whereby we could negotiate Telecom's on behalf of Latrobe City SME's to enable greater purchasing power which would then offer some discounted rates, and again, it sort of goes to being able to increase business awareness, purchasing power, and then provide, if you like, a basis for a better business case for the telecommunications companies.

Lobbying again. Continue to lobby Federal and State Government departments for funding to
assist with innovative solutions. There are a number of opportunities for us to communicate with Government at various levels and to try to further our case and to a certain extent (indistinct) further funds in order to continue to try and improve the state of telecommunications in the region.

I'd like to open it up for any questions that you may have.

**THE CHAIR:** Thanks very much, Phillip.

**MR CRUTCHFIELD:** We had a number of presenters at Maffra that talked about a lack of awareness of the capabilities of broadband and Internet. Have you got any research from Council that looks at either SME's or in fact individuals, (indistinct)? They're knowledge of it and the benefits sort of thing?

**MR HARRIS:** Within the study that we conducted, we surveyed a number of local businesses and found that there was awareness of broadband and, to a certain extent, some of the benefits. Interestingly enough, when the respondents were asked what they thought a fair cost or rate was, they were sort of reporting back around the $30 mark which would – - -

**MR CRUTCHFIELD:** A month?

**MR HARRIS:** A month. Which would indicate that there was some awareness based on potentially this latest round of broadband pricing, which was brought about by Telstra and their advertising. So we thought that that may have had an impact because there had just been a number of commercials around on just that cheaper broadband rate, which was actually, you know, obviously less capacity for less dollars.

**MR CRUTCHFIELD:** (Indistinct) Gippsland Health, have got a (indistinct), have you had discussions with them in terms of (indistinct) between your larger – your hospitals and maybe (indistinct) education centres?

**MR HARRIS:** There has been discussions between the Council and - - -

**MR CRUTCHFIELD:** (Indistinct) other councils?

**MR HARRIS:** Yes. (Indistinct) two parts to that question now. The first part, have we had discussions? Yes we have. We have regular discussions with Monash, obviously, which is the University there, and also different – health region being one. Regarding opportunities to try and work together.

The issue becomes one of simple logistics; basically it's about being able to put ourselves into a situation where we can actually aggregate. That seems to be, you know, part of the issue is, what services would we aggregate? How would we do it? Would we go potentially back to Telstra and try our luck there or would we be better off to try and create a separate network in terms of what would be a wide wide area network?" Or an extended plan, I guess.

**MR CRUTCHFIELD:** And they will continue, will they, those discussions?

**MR HARRIS:** Yes. And as a Council, in terms of our interest in the region, we will continue to push for greater and enhanced telecommunication services because I think clearly there is a need for that to occur.

**MR CRUTCHFIELD:** And lastly, sorry, we discussed those issues with Maffra Area International - - -

**MR HARRIS:** I'm not aware of that. I couldn't answer that. I don't know.
MR CRUTCHFIELD: I was just going to ask, if you had to list your services in order of what's the most critical need, sort down from most to least, how would you put that?

MR HARRIS: I think one of the biggest issues, and again, I guess I've concentrated on the rural areas, and I think that that's – I mean it's fine on the main street, we have mobile and we have Internet and those sorts of things, but it's when you get off the main street that I'm concerned with, and certainly I think it is where we should be concerned. Because services deteriorate dramatically depending on where you are.

I can give you some examples of certain towns that have, you know – that are said to have good coverage that actually have very poor coverage, and Boolarra is an issue for Council and obviously for residents in the area because it is said to have a good mobile coverage for both CDMA and digital, but the reality is somewhat different.

Now, that will be addressed, but it's a matter of currently that area is not well serviced. Further afield, Mirboo and those sorts of places have absolutely no mobile coverage.

THE CHAIR: So mobile phones would be your main priority first?

MR HARRIS: If you were looking at small business and people, in terms of tradesmen and things like that, that are operating in these areas, potentially it's very difficult for them because they do have no mobile coverage in those areas, or very reduced mobile coverage. So that would be my primary issue, I guess, in terms of – for a number of different reasons. Business, obviously commercial aspects, but also in terms of just safety. You know, people being out and about and that emergency services capability. Again, it's just non-existent.

So that's an issue. But secondly, it is about the Internet as well because, again, families that are out in those areas are disadvantaged on the basis that they don't have access, or adequate access to Internet services and therefore are left off the information super-highway. It's an issue.

THE CHAIR: You talked very briefly about thinking about setting up a community Telco. Have you gone down very far down that track or are there any impediments to actually doing that? So where have you actually got to with that particular solution?

MR HARRIS: We've actually, as I said earlier, again, commissioned the study, which was really the first step in that process, simply on the basis to try and get a better understanding of what the community needs are, what is our current, if you like, status, and where would we like to be, and indeed how are we going to get there? So the study is the first step in that and it was identified that there is definitely a need to try and stimulate that particular area of business in terms of working forward. How we actually do it, there has been a number of recommendations made, but as I said, the study is in its draft form and hasn't been completed at the moment.

But we have looked at – I think it's the Ballarat model, where they have the community telecommunications, if you like, company up and running and they're putting that forward into various other communities. In fact I think they're actually franchising that as an idea around different other communities.

I guess the thing for Council is, are we in the business of being a council or are we in the business of being a telecommunications company? And I think to a certain extent we are examining different ways to try and accommodate, if you like, our residents' requirements. But it's a difficult process and an ever-changing process in terms of which way do we go, how do we implement it, what is the structure and how would we charge for such a service?

Again, to put something in the main street would be relatively easy. The issue is, once you
get off the main street, it's the infrastructure that becomes the problem. So we would face the same issue as anybody else trying to set up remote communications, and that would be the infrastructure in the exchanges. And that's paramount to this discussion, is, you know, we simply don't have the infrastructure in the exchanges. We have the exchanges and we have the opportunity to put infrastructure in them, it's just simply not happening.

A classic example would be Boolarra, again. And I must say that there is moves afoot to update the exchange in Boolarra, however right now I don't believe that has happened and so it is an example, but I just make the concession that it is on the horizon to be updated. But again, you could put a mobile tower in on that exchange and you could improve telecommunications ten-fold just simply by putting in the infrastructure.

MR MITCHELL: We've seen the big glossy maps that Telstra put out with, you know, 99 per cent coverage across Victoria. If I was to just ask you a rough guesstimate of what you reckon in your area how much is actually covered or useable?

MR HARRIS: That's a difficult question, even to estimate, on the basis that, you know, you could have 90 per cent coverage or 99 per cent coverage, but that doesn't help the person who's in that 1 per cent, and that's the issue. You know, is telecommunications ubiquitous and therefore is it, you know, is it a right of everybody to have access to telecommunications? Certainly there are, you know, communities, as I say, Mirboo is one Boolarra is another, and if we just zip back to the population, I think I've got that information here, that's quite a few people. Well businesses in Boolarra, there's 282 ABNs, so you know, I mean I could get greater population profiles on that for you if you wanted, but most of the people within that area don't have adequate Internet services, and if they were to move off the main road of Boolarra, they would have inadequate – well virtually no mobile services.

So, you know, you're talking about 100 per cent of that population group not having adequate services.

MR McQUILTEN: OK. Why don't they use (indistinct) in that area?

MR HARRIS: Well I think – if I could just give you maybe just a personal answer to that question. We recently moved up from the city and we had, you know, access to all of these services. When we moved up here we started investigating getting similar broadband services. It was a very difficult process to go through on the basis that there was – well virtually – because I was moving I was told that I was breaking the contract with the service provider that I was using and I pointed out that, "Well no I'm not, I'm more than happy to keep the contract if you can provide service." Of course that didn't get me very far. And then continued to work with that service provider to try and arrange suitable Internet access.

It wasn't until some weeks of discussion that I actually was even informed about this as an opportunity. In fact we were walking down the path of actually having – of paying full price for satellite and ISDN (indistinct) and it was almost by accident that HBIS was mentioned and, you know, fundamentally that was 12 weeks ago. We still don't have our satellite connection.

MR McQUILTEN: Still.

MR HARRIS: Hopefully that's not indicative of service levels, but I wouldn't like to comment on that.

MR McQUILTEN: If I understand HBIS the way it is supposed to work is if you lived – OK, if you're more than – a number of kilometres away from an exchange, which is not enabled, then you can apply?

MR HARRIS: That's correct. That's correct. However, that's not widely known and
not widely publicised.

MR McQUIL TEN: So why doesn't Council do that then?

MR HARRIS: I think that Council needs to be, I guess, careful, and one of the recommendations that came out of our study was that Council could act as an information bureau. And that has its own set of issues in terms of how would we staff it, how would we, you know, provide that back into the community, what would be our level of endorsement? It is problematic from that point of view. And we have — as I said, it is a recommendation that Council become more involved in that type of activity, but as I say, the report is only just being tabled in its draft form and the recommendations haven't been acted upon as yet. But again, that is an option.

THE CHAIR: Thanks very much, Phillip. And thank you for putting together this submission for us today as well, it's great. You'll receive a copy of the transcript in about two week's time and you can correct any matters that — any grammatical errors or typing errors, but not matters of substance, OK?

MR HARRIS: OK. Thank you very much.

THE CHAIR: Thank you.

THE WITNESS WITHDREW