

ECONOMICS AND INDUSTRY STANDING COMMITTEE

INQUIRY INTO THE STATE GOVERNMENT'S ROLE IN DEVELOPING AND PROMOTING INFORMATION COMMUNICATIONS TECHNOLOGY (ICT) IN WESTERN AUSTRALIA

**TRANSCRIPT OF EVIDENCE TAKEN
AT PERTH
WEDNESDAY, 23 AUGUST 2006**

Members

Ms J.A. Radisich (Chairman)
Mr G.A. Woodhams (Deputy Chairman)
Dr J.M. Edwards
Mr M.P. Murray
Mr A.J. Simpson

Hearing commenced at 10.58 am

GROCOTT, MR STEPHEN

Director, Innovative Industry, Department of Industry and Resources, examined:

GALE, MR PAUL

Senior Project Manager, Department of Industry and Resources, examined:

SIEKIERKA, MRS SHERYL

General Manager, Department of Industry and Resources, examined:

CHAIR: This committee hearing is a proceeding of Parliament and warrants the same respect that proceedings in the house itself demand. Even though you are not required to give evidence on oath, any deliberate misleading of the committee may be regarded as a contempt of Parliament. Have you all completed the "Details of Witness" form, and did you understand the notes at the bottom of that form?

The Witnesses: Yes.

CHAIR: Did you receive and have you read an information for witnesses briefing sheet regarding giving evidence before parliamentary committees?

The Witnesses: Yes.

CHAIR: Do you have any questions relating to your appearance before the committee today?

The Witnesses: No.

CHAIR: Thank you for your comprehensive submission. We appreciate having received it, and we have learnt quite a lot from it. Do you wish to make any amendments to your submission today?

Mr Gale: No.

CHAIR: In that case, would you please give us a verbal summary of your submission, and the highlights that you think we should be aware of in terms of the initiatives of the department? Each of us has a number of questions arising from your submission, and we will deal with those in due course.

Mr Grocott: One of the main points in our submission is that this sector is diverse in character. It is both an industry and an enabler. It is the traditional conception of hardware and software, but it is also telecommunications, and it is also science and radioastronomy, in particular for Western Australia. We have had a longstanding - I understand it to be a close, productive and positive - relationship with the industry. The submission points out that because of the dynamics attached to the industry, we need to be very forward thinking in how we relate to the industry. We are very focused at the moment, and we are working with the peak industry body on a vision for the future. In part, this has been engendered by the announcement in May by the Treasurer of the \$72 million in funding for science and innovation industries over the next four years. You may be aware of Minister Logan's four pillars in his "Beyond the Boom" philosophy, which has also been endorsed by the Premier, and we are working with the ICT industry in that context. We are trying to get it to focus on where it sees itself going. Traditionally the industry, in my opinion, has over-relied on state government purchasing as a market. We have some difficulties with the industry, because apart from the complexities that I have talked about, we also have complexities in the mixture of the

companies in the industry. We have branch offices of multinationals. Those branch offices are not going to be very interested in exporting from Western Australia to, for example, Malaysia, because they have a branch office in KL. Then we have the smaller-sized companies that are domestically owned. Some of them are in it for the long term. Others are there to grow a portfolio within four or five years and then be absorbed by a multinational. We have a mix of aspirations within the industry that we need to deal with. I will leave it at that for now.

CHAIR: Perhaps I should have said this at the outset, but the reason for the committee's inquiry is that I think it is fair to say that the five of us are interested in what will happen beyond the boom. This state has been a resource state since -

Mr Grocott: The 1890s.

CHAIR: Yes, since we first became a state, and we need to look at our future, collectively. That is pretty much why we are looking at what the government is doing, what is happening in the industry, how we can work together, and what opportunities exist to improve and expand on what is happening. Your submission goes into great detail about that. As I have mentioned, we appreciate the detail in your submission. We will go straight to our questions and take our discussion from there. Can you tell us a bit more about your industry audit? That is very interesting. I notice it is due to be completed by January 2007. If you have any more information that you could share with us, that would be great.

Mr Grocott: Paul Gale has been seconded into our area to focus on this, so he is probably the best person to go into more detail on what is entailed and what we are hoping will come out of this exercise.

Mr Gale: All state governments have been concerned over the past number of years about the lack of statistics on the ICT industry. The upcoming Online and Communications Council meeting hosted by Senator Helen Coonan will be discussing this point and looking at how the states can collaborate on getting better statistics for the states. The ABS has statistics on the national industry, but it aggregates all the states' figures into the national figures. We really need some detailed statistics to be able to develop policies and strategies that are appropriate to further support the industry. As Steve alluded to in the introduction, we have a diverse industry made up of SMEs and one or two-person companies, through to the multinationals. We need to get a picture of what those companies look like. We also need to look at what our capabilities are. We spend a fair bit of time promoting our industry overseas through exports. We have a good general knowledge of our capabilities, but not of the specifics. If we want to be able to discuss with an overseas investor or a potential market our specific capabilities, we cannot really go into the fine detail of what we are good at, because the fast-paced nature of the technology is such that it is very hard to keep up with that. We also want to find out the research capabilities of our industry, recognising that the link between research and industry is a way in which we can have innovation. I am talking about innovation in the sense of not just the invention of the technology, but the transport of that technology to market. We want to find out what those capabilities are. Generally, we want to be able to identify what our capabilities are both in the production and research of ICT components and products, and also look at the barriers that are facing our industry. A lot of the information that we get is anecdotal in terms of the skill shortage, which faces every industry; access to venture capital; and a range of other factors that we hear impede the development of the industry. This audit is a means of going out and speaking to companies. We are trying to identify as much of the industry as we can. We have a fairly strict definition of what we see as an ICT company. We want to try to stick to that. We estimate that probably between 1 000 and 1 800 companies fit our definition. We want to try to get as many of them as possible. We are using an online survey tool. A departmental officer will go through that with them. It is not just sending out a survey and asking them to fill in a form. A departmental officer will go through the questions with them to try to increase our response rate and actually receive that information. We hope to have the actual survey

part of the project completed by the end of November, early December. We will then do some analysis, and the report will come out early next year. Hopefully that will then be able to guide us to the development of appropriate policies and strategies to further support the industry.

CHAIR: Is this the first time this has been undertaken?

Mr Gale: Yes. This will be the largest project that I know of globally. There probably is a larger one globally; I just do not know about it. It will certainly be the largest in this country. Other states do surveys. Queensland, for instance, spends \$80 000 a year on surveying its industry, but it is a survey; it is sending it out and waiting for the response.

Mr Grocott: Which is usually about 30 per cent.

Mr Gale: Yes, and obviously there is a lot of self-selection in the response. We are trying to get an accurate picture of our industry, not just from the people who can be bothered to fill out the form. We are hoping to get a pretty good response. I am fairly optimistic that we will get a good response. There are some incentives for people to go along with the audit project in terms of opening up some marketing channels for the companies that respond. I am quite optimistic that we will get a good response.

Mr Grocott: One of the drivers behind the audit is the concerns we have at the moment about what we perceive to be an absence of consensus, and even vision, within the industry, as to where it is going in a relative sense compared with other sectors such as biotechnology. Secondly, while we are dealing with the industry associations and enjoying a good relationship with them, those industry associations do not capture, as members, all of the industry. We have a theory that we are missing a generation of emerged companies that have not joined the industry associations and have gone their own way. That is why we are putting stress on Project Connect, which is refocusing the old industry supply office - or, as it is known now, the industry capability network, which looks at the question of local participation in major resource projects - away from engineering and into this area. We think there is a whole suite of specialised software companies that are working with resource companies that we do not know very much about. If they can become successful in our domestic world-class market, which is resource projects, they can also be successful overseas. We want to link into them.

Dr J.M. EDWARDS: By chance, my question follows on from what you have been saying. In your audit, how will you identify the capabilities of the WA ITC industry? It will be more than just asking them, will it not?

Mr Gale: Ideally we would like to ask them, but it is very difficult to do an assessment of every company. We are going to have to trust to some extent what they tell us. The reason that we are having a departmental officer speak to them is so that we do some of that assessment, as opposed to them just telling us and our taking it at face value. The reason we want to have a departmental officer talk to them is to try to flesh out their real capabilities so that they will not just embellish it for our purposes.

Mr Grocott: It is also important as part of the audit to talk to the customers of these companies to get their impressions of the Woodsides and the BHP Billitons, and of major government departments like health and education, as to where the strengths and weaknesses in our industry lie.

Mr Gale: We are using a reasonably complex taxonomy of classifications. There are 12 high-level categories, which break down generally into about four tiers, resulting in about 520 separate classifications of capability.

Mr A.J. SIMPSON: In your submission you refer to the Wireless North project, and you state -

The State Government has committed \$3 million, and DoIR is endeavouring to secure matching Commonwealth funding for the project.

How are you progressing with that? How long has that been going on for?

Mrs Siekierka: I will start with the last question. It has been going on for two or three years now. The commonwealth government in its last budget made money available for mobile phone extension. In fact, it has allocated about \$60 million over the next four years. We had expected that the project would be up and running much sooner than this, but the commonwealth has obviously been delaying things because of the sale of Telstra. It does not want to go out into the market when it could impact on the sale of Telstra and it might have to reissue prospectuses and things like that, so that has led to a further delay.

Mr A.J. SIMPSON: So they have to reapply every three years?

Mrs Siekierka: They have to go through a budgetary process to get the allocation of the funding. The money is allocated for this type of project. It just has not been made available yet.

CHAIR: I am going to give you a free shot here! You have had a specialist ICT industry development team in the department for 25 years or more now. There are 10 officers within the emerging industry innovation sector.

Mr Gale: Yes.

CHAIR: In an ideal world, given the importance of ICT to the Western Australian economy, are you happy with the level of staffing within your department in this area? What would you see as the optimum number of staff?

Mr Grocott: We have been given a free kick here! We would like to look at broadening our role in promoting ICT as an enabler to SMEs generally. With our technology roadshow, and the open-source software demonstration centre, we generate a tremendous positive interest, particularly in the regions, from businesses that are not really across how to use the technologies available to them in the most cost effective fashion. Open-source software is capable of generating tens of thousands of dollars worth of savings for business. I have only one person in that area, on a very small budget. I think we could make across-the-economy productivity gains in this role by having specialist people come in and say, "Let us review your IT plan," or even more basic than that, "Let us help you develop an IT plan". The biggest handicap that small business faces is lack of specialist knowledge. If we could facilitate provision of that through, say, a panel of specialist consultants for whom we would subsidise 50 per cent of the cost and business committed the other 50 per cent to review these plans, that would be a huge positive.

[11.15 am]

Mrs Siekierka: I am responsible for the C in the ICT - the communications. The approach of our branch has been somewhat different. We have been less focused on the information and communications technology industry and focused more on providing improved communication services to general industry in the community. Obviously, that availability impacts favourably on the ICT industry because they have more opportunities. I fully support what Steve is saying. Awareness raising and skills building in the industry has a beneficial impact on the economy and, therefore, on the ICT industry. One program run with the Pilbara Development Commission involved the commission employing a broadband adviser who worked with local businesses in that region, particularly in Hedland and wider than that, on how they get onto broadband, set up their equipment and network. It is a matter of providing that initial advice about capabilities. We undertook a survey at the end of 2002 and the beginning of 2003 on telecommunication needs assessment for the state. One of the key points that arose from that was that people knew that they needed to do something but lacked the confidence about what questions to ask. Experts are available but, not knowing the right terminology and lacking confidence, small businesses did not feel comfortable going to an expert. The adviser was able to advise on the sorts of things they needed to be doing and the type of people they needed to consult, without promoting particular companies. That person acted as a bridge between small business people having a low level of awareness and of being capable.

CHAIR: You referred to the need for continually refreshed strategies from the government in terms of ICT. I think there was one this year, one in 2004 and so forth.

Mr Gale: There has not been one this year. The last time we released the strategy was in 2004.

Mr Grocott: This time we reviewed the success of the strategy.

CHAIR: I understand the importance because of the dynamism in the industry. How important is clarity in the government's strategy to the sector and how often can the government strategy be changed without causing confusion about government's role and government's interest in the marketplace?

Mr Grocott: At one very basic level our policy has never varied and that is in relation to the government market. We have been consistent, strong supporters of the buy-local policy and the issue of synergy between local supply and lowest conforming bid, and we remain so. That is a very important cornerstone of our approach to the industry. However, as the industry has added dimensions, we have had to add dimensions to our approach to telecommunications, broadband and radio astronomy. As the industry matures, some of the issues the industry faces change. The industry is much more aware of export opportunities now than it was 10 or 20 years ago. The industry functions better now as a unit than it used to. We can get six different industry associations together as one. To achieve that was like herding cats. However, we are managing to keep it together. As new businesses arise and existing businesses mature, the vision for the industry changes. The strategy in 2004 had a finite level of funding and duration. The government has changed the boundaries for us with the \$72 million over four years, as I mentioned earlier. A massive increase in resourcing is available to this industry. Paul, how much was put in during 2004?

Mr Gale: The amount of \$3 million was put in, outside the telecommunication projects.

Mr Grocott: The funding has increased from \$3 million to potentially a quarter share of \$72 million. Our reach can broaden. We meet formally with industry on a monthly basis at Technology Park. I do not think there is any communication problems and there are no surprises.

Dr J.M. EDWARDS: You commented that you had compared biotechnology and said that biotechnology has a vision and ICT does not. Is that a useful track to look at briefly? Are there lessons to be learnt?

Mr Grocott: We spent a year working with biotechnology, developing a strategy that was launched by the Premier and the Minister for Science and Innovation at Murdoch University about a fortnight ago. That contains a very detailed suite of initiatives for the next four years and a very clear acknowledgment of what the industry perceives to be its strengths and weaknesses and what it needs to achieve its goals. It is a smaller industry involving only about 60 companies. They are all pretty much focused around spin-offs from medical research at the moment because of the amount of money the government has put into medical facilities and medical research over the past four or five years. We do not have a biodiversity act, as do the other states, although CALM is working on that at the moment. Until we have that, other sectors of the biotechnology industry in this state cannot get up and running. There is a big difference between the two. As I said, I was very concerned when we went to the ICT industry - apart from telecommunications and radio astronomy - and said, "Minister Logan has convinced the Treasurer to put this money into the budget; where would you like to go with it?" We did not really receive a coherent answer. I have already thanked Sharon Brown, the Chair of ICTICC, for the kind comments she had made about DoIR in her submission, and then asked her for the strategic basis for her comments. That is what we are trying to get.

Dr J.M. EDWARDS: In your submission you refer to the audit and the audit feeding into the strategic plan and the work you are doing with ICTICC. Will that provide the vision that is missing?

Mr Grocott: We hope so. We think we are at a crossroads. If we cannot get a strategic vision from the industry, we will reduce our involvement with it. If we can get one, we will go forward together.

Dr J.M. EDWARDS: What do you think is the timeframe for that?

Mr Gale: We are working on a vision now with ICTICC to come up with some high level statements about where they want the industry to go. Once we have those statements, they will form the framework of the strategy that we will develop using information out of the audit. We will develop the vision statements and the mission of the industry by the end of this year. We are not saying we will do a strategy; we are saying we will get the information from the audit and will assess it then.

Mr Grocott: The \$72 million amounts to \$18 million a year for the next four years. It is a new form of funding in that it is not in our budget. We must go through a process and take it to the minister on a business-case basis. That business case goes to the Premier and if he is happy with it, he takes it to ERC. If the ERC signs off, we draw down the funds. We have four years to work through this with industry if the industry is capable of developing business cases that will stand up to the scrutiny of Treasury.

CHAIR: On page 8 of your submission reference is made to the patent search facility, which seemed to me to be quite a good idea. What kind of cost saving is that to businesses and what is the overall estimated cost to government?

Mr Gale: If a company thought up some technology and wanted to see whether any patents had been registered on that idea, it could either do the work itself or see a patent attorney. For a patent attorney to do a domestic and international search, it costs anywhere between \$4 000 and \$8 000. We negotiated with a company called Delphion Technology, which is a branch of Thompson Scientific information providers and host of the patent databases, to provide this service to DoIR free of charge, which we then provide to industry free of charge. That contract expired a couple weeks ago and we are negotiating with Delphion at the moment to continue that service. There is significant savings to industry. They can go to the Innovation Centre and use the service. It would not replace the advice of a patent attorney and we would never advise a company to solely rely on it, but it is a first step; that is, to look at an idea and search for a patent. If the company cannot find any evidence of a patent, it might want to do some more work on the descriptor and drawings, etc, and take them to a patent attorney. It will save companies a lot of time once they get to the patent attorney stage.

CHAIR: What has been the take-up rate of that free service?

Mr Gale: It has not been great, to be honest. I do not have exact figures. I thought it would be greater.

CHAIR: Is there much awareness of it?

Mr Gale: There is awareness, albeit limited by budget, like everything else. Information is available through our website, the Innovation Centre website and industry associations.

Mr Grocott: An e-newsletter goes out.

Mr Gale: Yes.

CHAIR: I refer to item 4.2 “The Nature of Assistance Available to Businesses to Market ICT Technology”. In item 4.2.5 you refer to your international trade and investment offices. How much investment or opportunity for Western Australian businesses has resulted directly from our offices overseas?

Mr Grocott: That is something that we are constantly struggling to capture. A review of the overseas office network has recently been undertaken. Key among its recommendations is the need

for the department to be more proactive and expansive in tackling this issue. We run an annual client survey. One of the sets of questions in that survey relates to the usefulness of the overseas offices. This year in particular - a survey came in during the past couple of weeks - we received very strong reactions from our clients, not just in the ICT industry but generally, who would use the office for trade and investment. I can provide that information to the committee if it is of interest.

CHAIR: Yes, that would be of interest, thank you.

You refer on page 12 to your client satisfaction survey. Is it possible for the committee to receive a blank copy of the survey for our information and interest?

Mr Grocott: Yes.

CHAIR: Your results are very impressive so we are keen to know the questions.

Mr Grocott: It is done by independent market researcher Patterson.

Dr J.M. EDWARDS: It is an amazing response.

Mr Grocott: It is good. Two years ago the rate against the first arrow was 77 per cent. It is now 92 per cent. There have been two significant increases in the past two years.

Dr J.M. EDWARDS: When you send a copy of the survey can you give an indication of the percentage of return on the survey? It could be only two companies.

Mr Gale: The report sets out the respondents.

Mr Grocott: We can provide a copy of the whole report if you like.

CHAIR: Yes please.

I refer to contract management. Your submission states -

The department notes with interest that as part of the Department of Treasury and Finance's Procurement Reform Agenda, some attention is being paid to this issue . . .

What communication occurs, if any, between DoIR and SSC. Do you pass on your experience and knowledge so that SSC can amend its system accordingly?

[11.30 am]

Mr Grocott: We have been very close and positive supporters of the State Supply Commission since its introduction in 1992. We have made contributions to all of its policies. In fact, some of its policies were originated by us, such as managing purchasing by third party suppliers during the contracting-out boom. We contribute to the commission's policy reviews. We are participating in discussions at the moment with the State Supply Commission, the Department of Treasury and Finance and the State Solicitor's Office on the implications of the US free trade agreement, and on the implications of our non-participation in the government procurement agreement for the Buy Local policy. It is our strong position that there are no adverse implications for the Buy Local policy out of either of those other agreements. We understand that the government made the decision to join the US free trade agreement on the basis that the Buy Local policy and other supply commission policies could be exempt from restrictions, based on the fact that they were policies directed to the betterment of small business. There is no definition of small business in the free trade agreement. However, in the US the jurisdictions at the state level use the definition of "up to 1 000 employees". By that definition, we are well and truly covered. We have not been a signatory to the government procurement agreement for four years, and the net impact of that has been zero. In fact, we are being more honest than the other states, because the other states sign it, and they then go ahead and discriminate against other state bids. For example, when the railway to Darwin was being built, a business had to be registered in either South Australia or the Northern Territory to be eligible to bid. That is contrary to the government procurement agreement, but nothing is done about it. When we were a signatory to the agreement, we went to a meeting chaired by the commonwealth with a tender document that we had sourced from the commonwealth. That

document was clearly against the interests of the agreement. We tabled it, and we asked the commonwealth what it was going to do about it, and they mumbled something and moved on to the next agenda item, and nothing ever happened. Therefore, it is very important that we preserve our ability to support our competitive local suppliers rather than pay lip-service to some legal mumbo jumbo where you can get six different interpretations depending on how many lawyers you ask.

Mr Gale: The department also sits on the WA ICT Industry Development Forum, which comprises all the industry associations, e-government, Treasury and Finance, and ourselves, and where we get together once a month to discuss mainly procurement-related issues in the ICT industry.

Mr Grocott: One of the issues peculiar to procurement in ICT is that because of its technical nature, it tends to be done outside the established procurement channels within the department.

Dr J.M. EDWARDS: I think I know what you mean. but can you explain that with a practical example?

Mr Grocott: What happens is that the information technology branch will do the purchasing for the agency, instead of the supply branch, because of the technical nature. What that means is that ICT purchasing is done by people who are not trained in purchasing and contract management. That is why you have the issue of contract management. That is why we have seen contracts balloon in value and duration.

CHAIR: Further on that page you mention four recommendations for government procurement. Is DoIR taking any steps to either implement or encourage the implementation of any of these suggestions?

Mr Grocott: We are talking to the Department of Treasury and Finance about the liability issue, at the request of the industry. The concept of reference sites is a new concept that we have developed.

CHAIR: I have written here "Please explain"!

Mr Grocott: In the past, the local industry has been keen for government agencies to trial their products. The agencies have been equally reluctant to do so, because of the additional cost and risk associated with purchasing something as a prototype. The most famous example of that is what happened when Transperth trialled ERG's ticket machine back in the 1980s. Therefore, as an alternative we thought they do not need to purchase that product in the normal way; they can just trial it and become a reference site. They will get some financial support to do that, through funding perhaps from us, or perhaps from Treasury and Finance. That can be used as a test site for product development, and it can then become a reference site. Government purchasing is very important as a reference for other markets. It is a variation of that theme of "Buy my prototype". We are saying "Trial my prototype".

Dr J.M. EDWARDS: I assume the product would have to cross certain barriers and go over certain hurdles, and there would then be some sort of consistent evaluation?

Mr Grocott: Yes.

Mr Gale: Even when a local company has won a contract in the traditional procurement sense and has asked for a reference from the department to be able to market its products to other customers, agencies have been reluctant to give it that reference.

CHAIR: Why has that been the case?

Mr Gale: One of the arguments that is given is liability. Some agencies think that if they give a company a reference, and the other customer then implements the technology and there are some financial implications -

CHAIR: Whatever happened to caveat emptor?

Mr Gale: That is the counter-argument, of course, but that is the argument they keep putting up. It is not codified. There is no particular stance or position that the government takes on this matter.

Therefore, we are suggesting that the default position should be that we do give references, unless a case can be made against that. There will be cases where it is not appropriate, but our position is that we will give a reference.

CHAIR: In your conclusion at page 25, you refer to engaging state government agencies as trial sites for innovative technology. I guess that ties in a bit with this trialling that we have been talking about. What state government departments have you found to be the most receptive to trialling new technologies?

Mr Gale: None!

Mr Grocott: That is a bit harsh! Main Roads has done a bit of it. Education has a positive attitude to local industry. The TAFEs have a very positive attitude to local industry.

CHAIR: Is there anything that the government or government policy should be doing to encourage an acceptance of trialling in all departments?

Mr Grocott: Very few agencies would volunteer to do this. You would definitely need a policy to make it work.

Mr Gale: Of course, costs are associated with the trialling of a product. That is obviously why agencies say they will not do it; that is, because of the costs involved. We are suggesting that a pool of money be made available that agencies can draw upon to cover those costs.

Mr Grocott: Because agencies will argue, quite correctly, that this is not their core business.

CHAIR: True.

Dr J.M. EDWARDS: Is there also an issue, similar to what you have said about small to medium enterprises, that departmental staff may not even be aware that they can trial something to help a process or make something easier? Is there any issue about departmental staff perhaps having a lack of awareness that they might be able to find a better way of doing an activity that they are currently doing by embracing new technology?

Mr Grocott: Absolutely, but, again, unless it is on their agenda as their core business, the agency will not touch it - unless there is a particularly inspired individual in that agency.

CHAIR: The last dot point in your conclusion refers to the need to provide opportunities for the development of innovative broadband applications. I am in the infant stages of learning about everything to do with ICT. Have any of those innovative broadband technologies emerged as yet?

Mrs Siekierka: Broadband is really about having the capacity to transmit data at high speed. That will deliver the voice, the video and the television. There will not be post-broadband as such. However, there may be different means of delivering the broadband.

Mr Grocott: There will also be greater capacity and speed as it develops. It is a basic piece of infrastructure. It is the twenty-fifth century's equivalent to the road. If you can imagine when the Internet first started, we had dial-up, and then we had broadband, and we were still using normal phones as we were 10 years ago. We then had voice over Internet protocol, where voice conversations can now be made via an Internet connection. That is another application for high-speed telecommunications. I imagine there will be others that have not been developed yet.

Mrs Siekierka: It is more about developing applications. Fibre optic is the development that gives the greatest capacity to transmit broadband. That will have an economic life of 20 to 30 years. The developments are in finding ways of getting more and more speed along the fibre optic cable.

Mr A.J. SIMPSON: Do you support voice over Internet protocol? Do you think that is the way to go?

Mr Gale: We use it in our building.

Mr A.J. SIMPSON: Have you had any problems with emergency calls and that sort of thing? That is an issue that came up recently.

Mr Gale: I do not have any personal experience.

Mr A.J. SIMPSON: Earlier this year I was in Singapore for a conference, and I was told that British Telecom will not touch VOIP because the emergency number may not work. It depends on where people go or move, because they take their number with them. Do you have any thoughts about that?

Mrs Siekierka: That is an issue that has been raised, particularly as VOIP has emerged. That issue is being addressed. In fact, you can identify the source of the call. There are means of doing that.

Mr A.J. SIMPSON: So technology is now available to do that?

Mrs Siekierka: Yes. It depends on the quality of the VOIP service.

Mr A.J. SIMPSON: Some people sound as though they have their head in a bucket of water when they are talking to you, but others are quite clear. I have noticed that.

Mrs Siekierka: You can buy VOIP with a guaranteed quality of service. You just pay more for it. That allows for an emergency phone guarantee. You also have battery back-up so that if the power is out, you can still use your phone. They are issues that have been addressed and are being addressed.

Mr A.J. SIMPSON: That is excellent.

Mr Gale: A few years ago we had the same problem with mobile telephones. There were cases in which people were calling 000 from a mobile phone and the operator did not know where the call was coming from. They have overcome that now through the development of technologies.

Dr J.M. EDWARDS: I thought your comments on page 16 about intellectual property were really good. I also like your recommendation on page 17. I suppose I could be cheeky and ask, on behalf of the Chair, would it be possible for you to submit a slightly more detailed recommendation on IP?

Mr Grocott: Certainly.

CHAIR: We do not want to plagiarise your recommendations!

Mr Gale: The industry also has a lot to say about this issue. The state government has an intellectual property policy. That states that intellectual property will be used to provide the best value to the state, whatever that may be. The policy is already there. It is just a matter of making more people aware of that and getting an interpretation of that.

Mr Grocott: The private sector is concerned about what may happen if it bids and the IP in the bid is taken on, even though the bid is not successful, and things like that. That needs to be acknowledged, because we have seen that happen.

CHAIR: Thank you very much for coming in today. We appreciate your time and contribution. A transcript of the hearing will be forwarded to you for correction of any minor errors. Please return that within 10 days, otherwise it will be deemed to be correct. As the inquiry progresses, we may become more cognisant of everything that is contained in your submission. However, if we have any further queries, we may contact you, or even invite you back. Thank you very much.

Mrs Siekierka: The committee may be interested in having a copy of the communications policy progress report to know what is happening in that area, so I will leave that with you for your information.

CHAIR: Thank you very much.

Hearing concluded at 11.44 am
