

# **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, 13 SEPTEMBER 2006**

**SESSION TWO**

## **Members**

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

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**Hearing commenced at 11.22 am****WINTERBURN, MR ANDREW****Managing Director, BroadbandNet Pty Ltd, examined:**

**The CHAIRMAN:** Thank you very much for coming in, Andrew. First of all, I need to read the procedure for examination of witnesses. 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 contempt of Parliament. Have you completed the "Details of Witness" form?

**Mr Winterburn:** Yes.

**The CHAIRMAN:** Do you understand the notes at the bottom of the form?

**Mr Winterburn:** Yes.

**The CHAIRMAN:** Did you receive and read an information for witnesses briefing sheet regarding giving evidence before parliamentary committees?

**Mr Winterburn:** Yes.

**The CHAIRMAN:** Do you have any questions relating to your appearance before the committee today?

**Mr Winterburn:** No.

**The CHAIRMAN:** Would you please state the capacity in which you appear before the committee.

**Mr Winterburn:** Managing Director of BroadbandNet Pty Ltd.

**The CHAIRMAN:** We have received your submission; thank you very much for taking the time to submit to our inquiry. The reason why the committee has embarked on the IT inquiries is that it is something that is of interest to all of us and crosses all portfolios of government. We see the ICT industry as an important emerging sector for the Western Australian economy. This multipartite committee wants to ensure that government is on track in terms of providing the appropriate support it can in the industry and to find out what else we might be able to do a bit better. That is pretty much the thrust of where we are coming from. Would you mind giving us a bit of a summary of your views and opinions, either that which is contained in your submission or anything else you might like to add?

**Mr Winterburn:** I will give you a five-minute snapshot. We are a wireless IT company that has branched out from the traditional landline copper deployment. We have concentrated our efforts in regional Western Australia and have grown to quite a large alternative network as such. In that, the only way that we were able to achieve this goal that we were embarking on was through the federal funding provided to us under BC Connect, the old HiBIS. We have found up until this stage that state involvement has been little or, to some degree, it has even been hampering our moves. We are just a little concerned about the allocation of resources or maybe even the lack of allocation of resources that the state had available in order to help small companies like us develop on a commercial level against the majors, if you like, in the area. We saw regional Western Australia as being our primary goal purely because we needed to roll out infrastructure within the region. In order to do that, we had to find some substantial investment capital. We have invested well over \$2 million of our own money and, as I said, we have been receiving funding from BC Connect. When we have come to the state to ask for support in a local entity, we have found that everyone is

willing to talk and to try to help, but the wheels seem to be a little slow in turning to provide us with guidance and to help in submissions for commonwealth funding for specific projects. That is the basis of what we have put forward in our proposal to you today.

**The CHAIRMAN:** When you talk about the slow turning wheels of government, are you specifically talking about one department or a range of departments that you might have dealt with?

**Mr Winterburn:** I have not dealt on a large platform as far as government is concerned. We are talking about a state grant, for instance, that we were awarded for putting infrastructure and wireless communications into the north mid-west area, from Perth up to Mullewa and over to Geraldton. The funding was approved some nine months ago. To date we still have not got a positive response as to when the funds will be available, even though we completed the project some five months ago.

**The CHAIRMAN:** Has there been any explanation for that?

**Mr Winterburn:** There has been some to and fro communication. There were some changes to the original agreement that had to be ratified. I believe those changes were signed off over four months ago.

**The CHAIRMAN:** What program was that?

**Mr Winterburn:** Off the top of my head, I am not sure which program it was through.

**The CHAIRMAN:** Is it through DOIR?

**Mr Winterburn:** I believe it is through DOIR, yes.

**The CHAIRMAN:** I have a technical question. What exactly is an independent microwave wireless backbone?

**Mr Winterburn:** The question is valid. Basically, we have made microwave multiple links out of Perth over our own microwave network, which is the equivalent to what is perceived as a fibre in the air, if you like. Our fibre connections go to buildings but we do it over a microwave platform as opposed to a physical fibre or glass network. We have a string of some 160-odd towers that we utilise. We have put our own equipment up onto those towers and we provide a large pipe, if you like, that goes out into different areas of Western Australia. We then branch off from those pipes, again on wireless, and then do a local deployment over wireless to the household.

**The CHAIRMAN:** Would you say that you provide to regional centres a wireless service that is actually better or more comprehensive than the broadband services that many people in Perth can access?

**Mr Winterburn:** Absolutely.

**The CHAIRMAN:** I am interested in a paragraph on the first page of your submission in which you talk about the communications aspect being the poor cousin to ICT and about successive state governments saying that communications are really within the federal realm and therefore have been unwilling or unable to do very much. Can you expand your thoughts in that regard?

**Mr Winterburn:** Yes. First of all, I will clarify that. The submission was written by my general manager; obviously, I reviewed it. He was in government for a few years before he joined us. I guess what he or we are alluding to there is that communications are somewhat left out of the equation when we are talking about IT. IT tends to be computing internal networks as in getting governmental services working or it is providing hardware support and it is providing software. It does not deal with the communications aspect of ICT in that communications is the link that gets you from point A to point B so that you can utilise those services. Traditionally, the "C" has always been the major carrier; namely, Telstra or Optus, which provide some form of carrying capacity to enable you to use your IT programs. We feel that the communications aspect has somewhat been pushed to one side, because it is a little hard to deal with and there has been traditionally only one or two players. Today, thanks to federal funding that has been made available to us, a number of

players are out there in Australia, but in particular, in Western Australia, that provide an alternative to the traditional communications stream. That is using new technology, if you like cutting-edge technology, that is still in development. It is nowhere near its maturity. However, it is already today providing far more services than one could possibly get over standard copper or even, to that extent, your new ADSL2 copper.

**The CHAIRMAN:** How can you deliver this wireless to the regions when Telstra or Optus cannot or will not?

**Mr Winterburn:** I cannot speak for them, obviously. Looking at it from our point of view, I guess because we are a much smaller company - we have only 32 full-time staff and 60-odd subcontractors - our ability to move quickly is probably our asset, if you like. The fact that Telstra and Optus would not necessarily go into an area is probably based on economics. It may not be economically viable for them to target a small community with, say, 100 people, whereas for us, thanks to the funding that was made available initially by the federal government, it has been viable for us. The costs for our control of the network after we have deployed our infrastructure are quite small, whereas on a Telstra scale, it would be like lining up another Perth, because the support team has to deal with multiple issues, whereas we are dealing with specific issues that are easily managed on our network.

**Mr A.J. SIMPSON:** I understand that the copper line is limited in what can be put down and wireless is definitely the way to go. Jarrahdale in my electorate has a population of 400 or 500 people. Is it viable for you to go into small regional towns and put in wireless? Is there a limit to making money? Do you need a certain number of people to sign up to make it a viable option? Is that the driving force?

**Mr Winterburn:** Wireless is not mature enough yet. It is mature enough to be able to provide very strong or solid broadband connections. When you talk about multiple services as in using IPTV and telephony and other things, the industry is not at that level yet, I do not believe. However, it is getting very close. As far as economic viability goes, the end cost factor for a client is about \$650. That is pretty comparable with the standard ADSL2 for instance, if you bundle in your modems and other packages that you need to do. The answer to your question is that it is viable. The cut-off point is probably as low as 50.

**Mr A.J. SIMPSON:** Would your company benefit from the privatisation of Telstra? Would it make the industry more open? Would it bother you in any way?

**Mr Winterburn:** Personally, I would love to see it happen.

**Mr A.J. SIMPSON:** Yes, it would open up the market. You sometimes get the idea that Telstra acts like a company one minute and the next minute it acts like a government agency. It seems it cannot make up its mind whether is working for a shareholder or working for the government.

**Mr Winterburn:** Again, it is personal opinion. I find that Telstra does jump from side to side. I also see that the utilisation of the commonwealth funds that it has access to also appears to reduce our markets base whenever we announce that we are going into a particular market.

**Mr A.J. SIMPSON:** Do you find that, when you announce you are going into a certain area, the big boys show up?

**Mr Winterburn:** Yes, in about three days.

**The CHAIRMAN:** Three days?

**Mr A.J. SIMPSON:** Yes, that is quite common. I have come across that when Telstra has told me no for certain areas in my electorate. I have then chased Optus and got a bit of a signature process up and within four days Telstra has told me that it can do it as well. It has just taken that little push. It is very common.

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**The CHAIRMAN:** On page 2, your submission states -

Provide financial assistance to assist Western Australian based companies to compete for funding from the Commonwealth Government.

How would you like to see that implemented?

**Mr Winterburn:** I do not know the whole answer to that, but the quick synopsis is to take a snapshot of what South Australia has done. Its allocation of funds to entrepreneurial, if you like, developments within the state is a unique approach. I feel if Western Australia is really serious about getting an alternative network within the region, which it appears to be, those sorts of funds could be made available for R&D and for initialising the project. Obviously, the projects have to stand on their own two feet. However, initial capital investment up-front, if it can be provided at a grant level or at a loan level which converts to a grant, that is something that we would very much like to see happen. Currently, we have to go to the private sector to get capital in order to do this sort of development. We are finding that the mining sector is actually quite generous in providing some capital funds to us in order to get out to their minesite, where in the past it was the satellite solution. They can see the merits in putting a microwave backbone out to a minesite that has a life of say 10 years.

**The CHAIRMAN:** You mentioned that you are keen for the government to promote the achievements of WA communications providers more than it currently does. How would you like to see that implemented?

**Mr Winterburn:** I suppose the reason that that got brought up is I got invited to Canberra to speak to the minister regarding the process of getting accredited under DC Connect. In that process, I talked to a number of her advisers who told me they had never heard of us in WA and they were not aware of the projects that we had embarked on or had already achieved. There was no awareness at all at a state level or at a federal level. That surprised me greatly, because we were talking to both state and federal governments on numerous occasions and had put forward a number of proposals, along with roll-out maps and coverage areas etc. I suppose what we need is for the state to take that on at more of an awareness level to be our voice at the commonwealth level.

**The CHAIRMAN:** Do you have any final comments that you would like to pass onto us to guide our inquiry?

**Mr Winterburn:** No. I think there are enough smart heads here. I do not know whether any other broadband providers have to speak to the committee. We believe that, even though we are only a very small company, we have achieved something that has not even been conceived and is not even recognised at a high level. We have over 4 000 kilometres of our own backbone out there. We cover an area of just over 68 000 square kilometres and we are covering it with a very small population base.

**The CHAIRMAN:** Well done and thank you. I am sure there are a lot of homes and businesses benefiting from your infrastructure. The transcript of the hearing will be forwarded to you for the correction of minor errors. Please make your corrections and return the transcript within 10 days. If it is not returned, it will be deemed that the transcript is correct.

**Hearing concluded at 11.41 am**

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