

**Two cultures re-examined and
Australia's National Broadband Network debate**
delivered by
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Edited transcript

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Thank you very much.

It's really an honour to be here today. Coming to the American Chamber naturally reminds me of America and the last time I was there. You see, my son has recently graduated from his university in the US. Naturally, my wife and I went back there just a couple of weeks ago to be with him. Actually, we went back to our home in Annapolis and started looking for a smaller home so that my son couldn't move back in. Kids in the US have a way moving back in after uni - boomerang kids we call them.

A couple of months before that - about six weeks before my son graduated - he called me up to tell me that his spring break was coming up. So he called me up from university and he said, "Dad", I said, "Yes". "It's spring break coming up", he said, and I said, "Yeah I've been thinking about that." He said, "Well you know it's my last spring break and I'd like to spend it with you".

I thought, 'Wow'. This is something as a father that you dream about. I thought that this would never happen because the kids in our area tend to go to Daytona Beach and hang out with the girls. So I asked, "Well what do you want to do?" He said, "I want to get on our Harleys and take a road trip." So we did.

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We met in Miami and rented a couple of Harleys and headed off around Florida. We went all the way down to Key West (Florida). It was one of the most beautiful and wonderful trips I've ever taken. One day, we went down to Homestead in Florida where the NASCAR races are run. As we were heading off on the bikes to one of the races, we were waiting at the stop light. Beside me a couple pulled up in a car. It was a Chevrolet, a little bit of a rundown, and they had a six pack in the back. They were obviously going to the NASCAR races too. As we were waiting at the lights, the lady in the car looked over at me with a hateful look. She then started talking to her husband and then turned back and looked at me and then rolled down the window. She yelled out, "Why don't you get a job?" She then quickly wound the window back up and quickly drove off. That had to be one of the highlights of the trip.

I wish I had a picture of it. I should have gotten off my bike and gone over to the car and glared in the window, but she 'wanted me to get a job'. Funny actually.

(Laughter)

Now that I am here, doing my 'job', I was glad to meet Charles Blunt today (National Director of AmCham). Now, I know a lot of Blunts. Many of you here today would remember Frank Blunt, who used to be the CEO of Telstra who was an American. And then in the US there was a congressman by the name of Ray Blunt. I know Ray Blunt fairly well, so I asked Charles, "Are you related to Frank Blunt?" He said, "Well as a matter of fact I am." Charles also told me that he was related to Ray Blunt, the congressman. He said, "Actually we're all pretty much related. We come from a place called Grafton Regis" in Great Britain. It's a little town and that's where almost all of the Blunts in the world come from – we all come from Grafton Regis."

One branch of the Blunts came to Australia. One branch of the Blunts went to the US and so on. So I was sitting at the table with my new Next G Blackberry and I looked up Grafton Regis on the map. It's on the same latitude as West Virginia in the US. This got me thinking – here is West Virginia and Grafton Regis where there are around 100,000 people in the state and only four last names. In fact one of the most

popular songs there is, "I'm my own grandpa". (*Laughter*)

Today I'd like to leave time for questions as there are a lot of things going on in the telecommunications space at the moment. So I'd like to give you all an overview of some of the issues that I think are important in the current telecommunications debate and then leave it open to questions.

I think the most important thing that has been left out of the telecommunications and broadband debate in Australia is that there is no debate. There is a lot of politics about telecommunications - a lot of writing about Sol Trujillo and where he lives, or and Paul O'Sullivan (from SingTel Optus) and what he thinks, and a lot of talk about Boptus and Coptus and Optus and Floptus and what they're all *going* to do but don't seem to ever do. But through all of this, somehow there's never been a serious discussion on telecommunications.

When I was a kid my dad asked me once, "Son when are you going to mow the yard?" I said, "Well I plan to do it Saturday". He said, "No, when are you going to mow the yard?" I said, "I just told you, I'll try to do it on Saturday." He then said to me, "Let me tell you an old riddle". He said, "There are five frogs sitting on a log and one decides to jump off. How many are left?" I said, "Four". He said, "No, five. Deciding to do something and doing it are two different things."

I was taught a lesson at an early age. I learnt that in our household you never use the word, "Try", never. It was a forbidden word. You had the other seven forbidden four letter words plus this three letter word that was never allowed to be used in the house - "Try". We were never allowed to say, "I'm going to try to do something". You're either going to do it or you're not going to do it. I think that this is one of the lessons we need to bring to the discussion in Australia about telecommunications.

While there are some people that do it and some people that talk about it, the most important thing to ask is, what is the performance? What is the record? What is the achievement? What's happening in this country?

Let me give you a number that is astounding. In Australia over three and a half years of Graeme Samuel's reign at the ACCC, we've had negative investment growth in telecommunications if you take Telstra out of the mix. No.1 is mining among the sectors in terms of investment growth - which it should be I think. No.2 is electric power, which should probably be even higher as they've got a lot of problems with electric power infrastructure in this country. Then arguably at No.3 ought to be telecommunications.

But telecommunications is way down at twelfth on the list. When you take Telstra's investment out of the mix, telecommunications investment growth is at minus seven and a half per cent. It's the only sector in the economy that has negative investment growth for the three and a half years, under Graeme Samuel's leadership with the ACCC. Now everybody in this room ought to be disturbed by that but nobody ever talks about it. It's the most important technology for the future of the country.

Leave aside whether it involves Telstra or not. It could be Boptus or Cloptus or Floptus or any of the others, but somewhere there's got to be investment in telecommunication because long after coal is no longer usable (and we're moving very rapidly in the direction of taking coal off the charts), and after iron ore's been used up, telecommunications will still be a central part of the future of this country. Yet we have the lowest investment growth at the most important time, in the most important technology for the future of the country, in a country where we have more to gain as a nation and more to lose as a nation by having or not having good connections with each other and with the rest of the world.

By good connections I mean high-speed broadband connections. The tyranny of distance in Australia is real. Australia is farther away from the global markets than any other OECD country in the world. That's why we need to have investment in telecommunications. We don't have it because we have a regulatory regime that's run by an ACCC who thinks they know more than consumers. Who thinks they know more than investors. Who thinks they know more than technologically-minded

people. Who thinks they know more even than the Government, because they don't follow the policy of the Government on many of the things that they do.

That's why I call the ACCC a 'rogue regulator'. A rogue is somebody who doesn't follow directions. Everybody who's got a kid knows what I mean. We've all had rogue kids at one stage or another. But the ACCC is a rogue regulator because they don't follow the policies of the Government. The Government for example says that everybody in this country should pay the same price for telecommunications. Telstra believes everybody in this country should pay the same price for telecommunications, whether you live in the Central Business District of Melbourne or Sydney, or whether you live out beyond Bourke - but the fact is the ACCC thinks you should pay \$7.50 a month in the CBD. You should pay \$13 a month in the inner suburbs. You should pay \$35 in the outer suburbs and \$180 if you live beyond Bourke.

That's why I call them the rogue regulators. They do what they want to do. They're not accountable to anybody and what they do is under the radar. People don't pay attention to it because nobody really knows what they do and when they do it. They make their changes through economists, accountants, lawyers and regulators. None of them speak English, so you can't understand what they are saying. They've got their own language full of acronyms, so they don't speak English, and I say that as an economist. I became an economist because I didn't have the personality to be an accountant. *(Laughter)*

The fact is that specialists develop their own language. Why do they develop their own language? Because that's how they get paid. By making things so arcane and mysterious. How many people here know what ULL and LSS and spectrum sharing is? I've got to tell you, I've been around telecommunications a long time in my life and it ain't brain surgery. It's pretty simple. But the ACCC are making it as complicated as possible.

If you're a telecommunications company, there's only two things you can do. You can increase your revenues or decrease your costs. And there's only one way you can get

new value in telecommunications and that's by investment. We're not getting investment in this country - except for what Telstra is putting in. The numbers speak for themselves. If you look at what the regulator's doing, they are continually increasing the cost for the telecom providers. That's why you don't get investment. That's why you don't have investment.

Let me give you another little fact in addition as to why there is no investment growth in this country. Another fact. When you build a network, whether it's a water pipeline, an electric power grid, a railroad, a highway, a telecommunications network - any time you build a network there are three things that drive the cost. I call them the DDT factors. Distance, density and terrain. The longer the distances, the lower the densities and the more difficult the terrain, the more it costs. Whatever your spiritual beliefs are in the great chemist in the sky, that's the natural law. A network depends on distance, density and terrain to determine the cost.

You know what the ACCC uses as its models for cost? Not an economist model. Not an economic analysis. Not going out and doing empirical studies. They use what Ofcom uses in Great Britain. Now, you can fit seven Great Britains inside Queensland. You can fit three Great Britains in New South Wales. You can fit almost one (0.94) Great Britains inside Victoria². You can fit literally, 31 Great Britains inside Australia and yet our regulator here is using Great Britain's numbers to set prices in this country and then people wonder why there isn't investment.

There isn't investment because you can't earn your money back in telecommunications with costs and price setting like that. If you are a director or manager of a company, then you don't make those investments because you know the return on investments can't be made. So when people ask 'Why do you go after the Government so much?'

² United Kingdom = 245,000 square kms
Australia = 7,692,030 square kms
NSW = 802,000 square kms
Qld = 1,723,936 square kms
WA = 2,526,786 square kms
SA = 9,840,000 square kms
Tas = 64,519 square kms
Vic = 227,010 square kms

it's because Telstra had ten years of appeasing the Government after the privatisation process started. Ten years of appeasing the Government. But the Government continued to pinch the back pocket of our shareholders. So when the new management came arrived in July of 2005 we said no - no more.

Telstra was not going to stand by idly while the back pockets of our shareholders were picked. The ACCC slapped competition notices on Telstra 10 times before the new management came and Telstra had never taken them all the way to the end of the judicial process to challenge what the ACCC had done. Telstra always settled with them, but the first time the ACCC put a competition notice on Telstra, when the new management was here, we took them to court. We didn't settle. We went all the way to the High Court and guess what? Telstra won. We drew a line in the sand. We said it's not right to take other people's money without just compensation. We said it's not right to take other people's money, the money of 60 and 70 year old people who have their entire life savings wrapped up in Telstra, and for the ACCC to say 'well we think you ought to pay for the cost of an overseas cable' or 'we think you ought to pay for the cost of wiring up some part of the bush where the politicians have promised that people will have service at the same price as people in the central cities get it'. Now Telstra believes that people in the bush ought to have the same service as people in the central cities, but that's a social obligation of the Government. It's not a social obligation of a mum or a dad or a family who have been saving their entire lives to fork over money to put into Telstra shares so that SingTel Optus can have cheaper access to Telstra's network because SingTel Optus don't want to invest themselves.

There are big issues involved here and there are serious issues. The issues have to do with the wealth and well-being of everybody in this country. But I challenge anybody to find a news story over the last 36 months that I've been in this country where any of these issues have been discussed.

Since I've been in Australia I've read some really great stories about the history, current status and future of the sheep industry for this country. I've seen great stories about the role of coal in the economy of this country, and the role of iron ore and

similar topics. I've learned a lot from them and I've immersed myself in the history of this country as the best I can. The advantage I have over all of you is that I've read all my history of Australia in the last 36 months. You've got yours spread out so I sure that I remember more than you do, right now anyway. There are tremendous stories in this country, tremendous stories of achievement but those stories are not being told now.

When I talk about the 'two cultures', we have a culture of Government and the public sector on the one side and we have the culture of the civic order on the other side. The civic order in this country is relinquishing more and more to Government and not standing up. Where are the business heroes in this country? Every time I go to a book store, I find stories about the business scoundrels in this country. That's an interesting thing because we're all scoundrels - at least the philosophical point of view I come from, we all have scoundrel in us, only some of us get caught, but we all have scoundrel in us. But where are the stories of the great achievements of business people in this country?

There's a great biography on Frank Lowy. Frank Lowy is a wonderful human being who's done great things for this country but he's also a business genius on a world class scale. Yet the biography about Frank Lowy that you find in the book stores is about his leadership, which has been exemplary, of the Football Federation. That's what it's about. It doesn't cover that he is a business genius on a world class scale.

Now, I've worked in the UK. I've worked in Germany. I've worked in Norway. I've worked in Columbia, South America over the course of my career and in their book stores you find books about business leaders. About what they've done. About their achievements. We've got to have more in this country to look up to than sports heroes. We've got to have people who are people of achievement in the private sector, in the voluntary sector, in the community sector. We've got to stand up for what civil society wants, not just what Government wants.

I've said it before and I'll say it again - the peak industry organisations in this country,

for the most part, have sold out to Government. They do a good report on the problem of productivity, on the problem of infrastructure, on the problem of water or whatever it may be. They put the report out one day in Sydney or Melbourne or wherever it may be and then the next day, instead of going to the capital cities around the country and then the next day going out to the regional centres to try to educate the public on the content of the report, like what's done in Germany or in Great Britain, or in the United States, they go to Canberra. They go to Canberra and they turn it over to the party leaders, of the Nats and the Liberal Party and the ALP and whoever else is there. They take it in to the dark recesses of the party room and then the only thing that comes out is what the pollies want to come out.

We never have a debate on real issues in this country. One of the real issues today is the future of telecommunications and there is not one place in any newspaper or any magazine or any periodical that you can show me where there is a serious discussion of the future of this country as it relates to telecommunications and how it shrinks the tyranny of distance.

There is no debate on how it means more for Australia than any other country in the world to have high-speed broadband connections within the country and between this country and the rest of the world and that's really what's going on.

The other point is how we think about technology and society. When we talk about telecommunications, people tend to talk about 'high-speed broadband' and 'ULL' and 'LSS'. Nobody knows what these things mean except the insiders. But when we talk about automobiles, do we just talk about power steering, power brakes, convertibles? No. When we talk about the societal impact of the automobile, we discuss that the automobile laid the basis for suburbs. The social impact of the automobile was that it laid the basis for fast food. It laid the basis for drive-in movies. It laid the basis for the sexual revolution - maybe I'm repeating myself. (*Laughter*) But in any case the point is that the social impacts of the automobile were huge. It had nothing to do with the technology of the automobile.

Take the compass. When the compass was invented, ships could tell where they were 24 hours a day. It meant that ships could sail 24 hours a day. It meant that they could build bigger ships because the chances of running aground were less and it meant the commercial shipping could take a bigger role in the commercial life of a nation. The compass wasn't just about the needle that made up the compass, or whether it was light enough or not, or if it used a candle, or however it was done in the early days. It was about how the compass helped expand an industry and expand nations.

Or let's take the railroad. The railroad started in the United States in 1828. By 1840 railroads were going all around the United States. What was important about railroads? Not that you invented the airbrake, or not that you invented the Pullman sleeping car, or not that you invented the self contained caboose. What was important about the railroad in the United States was that it led to time zones. It led to time zones. Because the trains went so fast, in order to keep a schedule you had to change the times. Those time zones spread around the world. We take them all for granted today but time zones didn't exist in year 1200 or 1600 or 1700. They existed because of a technology.

It was the social impact of that technology. Or take an even more profound example of the social impact of a technology - take the agricultural revolution. When the railroad was set up across the United States, in order to pay it off, the Government gave the railroads land grants. One of the requirements of giving these land grants to the railroads was that an educational institution was to be built. That's how the American Land Grants Institution got off the ground.

The great schools of the US came from the land grants era of the railroad. That's where all the research that was done that led to the agricultural revolution. That's where the agricultural experiment stations sprung out of that. The Department of Agriculture which created an educated class of farmers. The farmers of the 1880's had a Bachelor of Science Degree from four years of higher education study. That came from a railroad. That was a social impact of a railroad.

This kind of profound social change has come from every single technology that you can name. The same thing is going to occur with digital technology. The same thing is going to occur with high-speed broadband. Yet we're bogged down in a fight between Telstra and Optus and Boptus and Cloptus and everybody else. Between the ACCC and how much power they're going to have. Between who's going to do this and who's going to do that. Between whether the Government's going to support this or support that. We're now in a so-called 'tender' (RFP) to build a National Broadband Network, pretending that there are seven or eight other groups that can build the network.

Now let me just give you some facts. To build a national broadband network, to take 12 megabits to the 98 per cent of the people in this country, let me tell you what that's going to require. It's going to require deploying 80,000 nodes across this country. A fibre to the node cabinet is about the size of two modern sized refrigerators. 80,000 nodes have to be manufactured either in the US or in the EU as that's where you make them. They have to be transported to Australia. They have to come in to the ports at Perth or to the ports on the east coast or in Darwin. They have to be put on trains. They have to be hauled out to sites around this country.

It's going to take more than 4000 trucks with cranes on the back because they weigh 1300 kilograms each, to lift those off the truck and put them in – here's another catch - the front yards of 80,000 people around this country. And I bet that there will be 79,000 of whom aren't going to want it and who are going to bring a law suit to prevent it. Then in addition to those 80,000 cabinets - you've got to lay 160,000 kilometres of fibre in order to hook them together. You going to have to lay the fibre at the rate of 90 kilometres today. You're going to have 4000 technical workers, working for eight years because building a national broadband network is something like having people over for dinner. You have them over for dinner. Prepare the dinner. You eat the dinner and you have a joyous time. They leave and you still have to clean up the mess, so you're going to have eight years of 4000 technicians working – technicians that aren't available today by the way. Anybody heard of the labour shortage? I could go on and on and on with the kinds of things that have to be done in

order to get a national broadband network deployed over the next five years and we now have people at high levels in Government in the so-called expert panel and other places, who believe that there are eight or nine groups in this country that can do this.

Now who's kidding who? Why doesn't anybody serious say anything about it? Where are the newspapers that are supposed to be the guardians of reason in a free society? Where's the CSIRO which is where our scientific and technical establishment is. Where are the people asking, "Wait, there's a joke here some place. Somebody's not being serious. Who has the ability to do this? How many of these companies that are bidding for this have already reserved assembly line space to produce the 80,000 nodes?" We have and we paid for it. So I raise this issue only to get people to think a little bit about the fact that this is not a game.

This is serious business for Telstra and 1.4 million mums and dads who own shares in Telstra. This is serious business for the country because our future competitiveness and our future productivity as a nation and our ability survive and prosper in the 21st Century is going to depend on high-speed broadband connectivity. Yet we're toying with it. We were toying with it with the last Government. We're toying with it today. And nobody says anything. Not the papers. Not the scientific community. Not the technical community. Nobody's writing feature stories about the importance of the broadband to help education, welfare, distance learning.

Let me end with this thought. We live in a society today that the entire infrastructure for transportation, for health care, for everything that we do, is based on the assumption of cheap energy. It's based on the assumption that oil cost between \$3 and \$10 a barrel. We're now in a world where oil is going to cost a \$100 to \$200 a barrel. I was in Darwin last week and meeting with the head of the Darwin Airport up there. He says, "I think the oil price is going to come back down and it will be more reasonable". I said, "What's it going to come down to?" He said, "I think it will be \$100 by the end of August". A hundred dollars, that's now considered cheap.

Now when essential items relying on cheap energy become expensive the whole

infrastructure on which your life that is based on that cheap energy changes. People start buying smaller houses. They start buying smaller cars. They start taking public transportation. Look at the numbers in Australia and look at the numbers in the United States and the movement has already started. We are seeing double digit increases in the use of public transportation in this country in the urbanised areas and the same is happening in the United States.

Then you start substituting things. For example in the building industry when wood became expensive, people started using aluminium. But with the price of energy the way it is, aluminium is going to become one of the most expensive choices for the building industry.

And people start looking for substitutes travel. People are going to be doing more telework. We're going to see bigger companies setting up regional telework business centres so employees go to a regional business centre that's wired with high-speed broadband instead of having to come into CBD every day.

We're going to see more teleconferencing. I don't mean the kind of teleconferencing that people are using today, but the kind of teleconferencing the high-speed broadband permits. Come over to our office on George Street where we have a Cisco Telepresence centre. The modern Cisco teleconferencing product which requires 40 Mbps of bandwidth. Now that we are talking seriously about the introduction carbon taxes, the interest in Telepresence installations are skyrocketing. Everybody wants to know how to put in a Teleconference centre and wants Telstra's help to do it. We see this every day. This isn't theory. This is business because we see people now - important businesses in this country - that are trying to find ways to substitute advanced teleconferencing techniques for travel.

The same way with telemedicine. The Royal Flying Doctor Service today has been turned in to an emergency service instead of a rescue service, which is what it used to be. As our demography has changed, we have 4 million people living between Port Douglas in the north and the Mornington Peninsula in the south that didn't live there

15 years ago as Bernard Salt pointed out in the writing he's done about sea changers and tree changers. But how do those people get the medical attention they need when they have a problem? They call up the Royal Flying Doctor Service - probably the single most expensive way to give people medical care. But if a woman wakes up in the morning, takes a shower and finds a lump on her breast she has two choices - call the Royal Flying Doctor Service or wait until she can take the journey to the main town, which may be hours and hours away. So she calls the Royal Flying Doctor Service and they go out there. But with eMedicine-based mammography there's a solution that allows the woman to find out if she has a real problem or not and doesn't require tens of thousands of dollars, of an expensive aeroplane ride to solve that problem. But high-speed broadband is required everywhere to be able to deliver that service.

These are the issues that are involved in our future. These are the issues that we ought to be talking about but nobody is talking about them. They're talking about separating Telstra and they're talking about whether SingTel Optus or some group called Acacia, or some group called Terria can deliver this or that. But the issues are really grave for the future of the country unless we get serious about it. I don't think there are many people that are serious about it. I appreciate the chance to give my point of view.

Thanks very much.

(Applause)

Questions and answers:

VOICE: As Phil indicated at the outset he is quite happy to take some questions. In such a passionate, thought provoking address, I'm sure there are a lot of questions out there. We've probably got time for two or three.

Question: My name's Melody Van Dyke, I'm from Hawker Britton. Thank you very much. It was a very passionate talk and one that's very dear to my heart. I've been very involved in the telecommunications debate within Government. The one thing you have said is that there is no debate and I totally agree with you, much to our frustration. Why do you think the investigative journalists are not picking this up and taking it in this way rather than picking at the easy pieces around the edges?

MR BURGESS: Yes - the questioner agrees that there's no debate and why aren't the investigative journalists picking this up and running with it?

I don't know, that's a really perplexing question. I mean, one answer is - the conspiratorial answer is that Telstra is striving to be a media communications company. We don't make any bones about that. We're now one of the largest advertisers in the country on our various platforms and I think that the media see us as competition - especially in the not so distant future. So one point of view is the media wants to kill the baby in the crib, that's one point of view.

Another point of view is that it's just easier to write about the politics and where Sol wants to live and these kinds of things. You know, one of the interesting things last week was - I think it was last week or the week before - was we had a series of stories for three or four days about how much money Telstra spent in scooping the company. Well that wasn't Telstra's decision. That was the Government's decision. The Government organised the tour. The Government decided how people were going to fly. It was a Government program and we participated in it because we wanted to see Telstra privatised but it was a Government program. Now some money was spent, I forget how much, it could have been two million or 200 million, it doesn't matter, but the whole issue was attributed to Telstra.

Nobody said anything. Nobody checked the facts. You know, nobody asked 'who really did it'. We also have a situation right now where Senator Kate Lundy interrupts a Senate estimates hearing about the price of fuel to ask a question to Graeme Samuel about telecommunications. Several parts of her question were you know, "spontaneous" - read from paper - and then Graeme Samuel gave a very complex, "spontaneous" answer - read it on paper. In the process, he also reversed his position on the important question of separation, whether it was adequate or not. Before he had said the separation of Telstra was adequate and that there weren't problems, but he changed his position during this questioning.

Then, a few hours later, we find that David Forman's Competitive Carriers Coalition (CCC) having a press conference where he's talking about 'a' Senator who asked a question about telecommunications and here is what Graeme Samuel said. He then used that as a platform to take out after Telstra without revealing that his wife was Senator Kate Lundy, and that it was Senator Kate Lundy who asked the question without revealing that her husband is one of the primary lobbyists against Telstra.

That's not right. It's not right. Nobody said anything. I mean I was just gob smacked by it. Then four or five days after that, the Coalition (in their last days of controlling the Senate) decides to set up an inquiry into how the Government is running the national broadband network program. And guess who the ALP puts on the committee? Senator Kate Lundy - one of the most conflicted people in the Senate on this issue. I don't know any other country where that would happen. It wouldn't happen in Great Britain. It wouldn't happen in the United States. It wouldn't even happen in Columbia, South America and yet it happens here. And nobody says anything.

So your answer's as good as mine but I think the people need to wake up and see what's going on because I don't think that's right.

VOICE: Perhaps one more question or comment please.

Question: Phil thanks for your presentation. Tim James from (indistinct) and HealthCare. You sought to engage people, engage the communities, to draw people in to this debate including through campaigns, websites, nowwearetalking, et cetera. How is that going? Has it been successful and how are you measuring it?

Answer: Yes, the question is that we've been trying to engage people in a campaign about these issues. We've been using alternative websites, like nowwearetalking and so on travelling around the country. I've been to 57 communities now in the past several months and how's that campaign going and how do we measure our success?

Well one way I would measure the success is when we started our polls showed that 7 per cent of the people in this country thought broadband was an issue. Several months into our campaign - about six months after nowwearetalking was set up, we established the Telstra Active Supporters. This group includes the public, consumers, shareholders, employees and others. We have now more than 12,000 Telstra Active Supporters. Through these programs, the awareness of the issues had gone up to over 60 per cent in the polls. At about the same time last year, the ALP outlined their election approach and they included broadband as one of their top issues.

Once the ALP put it on their agenda for the election the awareness went up to 80 per cent. The ALP took the issue from the editorial pages and the business pages to the front pages. Then the Coalition decided, while they were still in Government, that they wanted to re-look at the plan that Graeme Samuel had turned town. So we started negotiations with the previous Government again about broadbanding Australia. And we actually reached agreement - an informal agreement. But this was vetoed by Graeme Samuel and Peter Costello.

I would say that the efforts that we've made to increase the salience of the issue of broadband has been very successful. Our primary concern was to get people thinking about broadband and what it would mean for the future and I think our approach has helped get it on the agenda.

We also succeeded in getting most people on our side in the sense that people think that broadband is an issue, that it ought to be resolved, that the nation needs broadband and that we need it now but here it is slipping again. You know, we had hopes that this thing would be resolved by June of this year. June has come and gone. We're now talking about June of 2009 so I think that, where we go with the broadband issue is something that you know, remains to be seen.

One of the problems we have now in talking about the issues is that the National Broadband Network Request for Proposal has a gag order in it (section 11.1.1). That's why I'm not saying anything today but the RFP has a gag order that dampens the debate.

It's hard to have a debate when you have a gag order that says you shouldn't talk about these things. Well the reason we're talking about it is because the other side is talking about it. I won't name the names, but I may at some point... I've got it written down.

The point is that we've got people out there talking every day about Telstra. About what we're doing, or not doing, making false charges. For example, they are saying that we don't want to have an open access network. Every proposal we've made since September of 2005 has been for an open access network but some people think if you just go out there and repeat untruths long enough that they'll catch hold and people will believe them.

Well, because they're doing that, we're speaking up and as long I'm very careful today to talk about things that other people have talked about falsely and when other people talk falsely about things, we'll set the records straight, gag order or no gag order.

Thank you