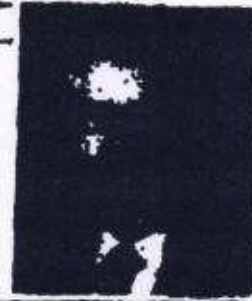


Senator Len Harris

A practical man looking for practical solutions to the nation's problems



MEDIA RELEASE

ALSTON PRAYING FOR CONTINUED DROUGHT 16th Nov 2002

STATEMENT BY SENATOR LEN HARRIS

The widespread drought being experienced by much of regional Australia has been a Godsend for the Federal Coalition and its plan to fling off Telstra to overseas interests.

Telephone industry authoritaries and the Telstra unions have predicted, with supporting documentation, that the network as a whole, will fail in the event of a substantial wet season.

Prime Minister John Howard and Telstra Managing Director Dr Ziggy Switkowski, have, according to union sources, just returned from an overseas trip marketing Telstra's shares.

The Government now claims the findings of the Estess inquiry into Telstra has given it the green light to proceed with the sale of its 51 per cent shareholding, which remains the property of the people of Australia.

The urgency of the Government to unload Telstra is the realisation that it needs a huge injection of capital expenditure just to remain operational.

In other words, sell the whole shooting bag before it rains and let someone else worry about fixing it. Who cares about quality of service for regional Australia, or thousands of jobs soon to be lost? ←

Never mind the loss of significant and guaranteed government income for years to come.

If the public opposition and ongoing media exposes of Telstra's serious shortcomings continue, institutional investors and perhaps mum and dad speculators might get fancy throwing their hard-earned cash at a communications 'time bomb', as one industry analyst put it.

In light of evidence presented by the Communication Electrical Plumbing Union to a senate inquiry, then to the Estess inquiry, other court submissions and a large dose of anecdotal evidence from Telstra employees, there seems no doubt the copper and lead network could explode with the onset of rain.

Numerous reports from regional areas that have recently received rainfall, reveal the subscriber fault rate has doubled and tripled due to lack of proper maintenance, faulty materials and understaffing.

I wrote to Dr Switkowski on September 11, 2002 seeking clarification and a solution to a number of problematic issues such as:

1. Loss of trained field personnel with local knowledge

→ 2. Faulty materials such as Hi Gel JM 442 that has corroded copper joints

→ 3. Contractors cutting corners with cable installation

4. Loss of capital works budgets

→ 5. Failure by senior personnel to recognise the magnitude of the impending networks implosion

6. The cessation and outsourcing at the end of this month of all in-house technical training

7. The sale of valuable property such as former line depots and other asset infrastructure

8. Management giving capital works an economic priority order for replacing faulty cables and equipment, i.e. those exchange areas that produce the most profit given priority for repair or replacement. This process could preclude most country areas

9. The loss of considerable ongoing government/public revenues from Telstra

10. Continuing and growing public opposition to the proposed sell-off.

It is interesting that Dr Swickowski has not replied to my query, suffice a phone call thanking me for my interest. One could be forgiven for assuming he is unable to refute the allegations resulting from my line of inquiry.

Now the spectre of a failing lead-sheathed cable network has raised its head and could well be the Achilles heel of Mr Howard's sale plans.

LEAD CABLE FAILURES WILL HIT CITIES

→ In city and country telephone exchange areas, low gas alarms, sometimes 200 or more a day, are sending technicians in a scurry from exchanges to manholes across the city or country roads and back.

→ Low gas (inert) pressure below 15kpa in an underground lead cable section sets off an alarm in the exchange. Technicians have to find a fault from where the gas is leaking thus allowing any surrounding moisture to seep in and short out the internal copper cable. The lead cables were introduced some 100 years ago and have long passed their use-by date.

→ Electrolysis, corrosion and rough handling over this period of time have caused many networks to fail, yet lead cabling remains a significant portion of some city and country networks.

According to the union the CAN or Customer Access Network (customer land lines) accounts for 50 to 60 per cent of Telstra's fixed costs, is maintenance bill, but generates the lowest rate of return.

→ At its present rate of faults the lead cable system could represent the lion's share of maintenance.

For example, Queensland country reported 400 gas alarms in a week compared to the metropolitan area recording 386. The dry-air gas bottles are placed at either end of a lead cable to maintain a constant pressure to prevent moisture entering.

The lack of capital spending by Telstra to replace lead is further compounded by weekly bottle replacements of an average 142 in metropolitan areas against 300 bottles in country areas at a cost of \$100 each for large sizes. The bottles are hired from BOC Gases.

In New South Wales the figures are proportionately worse. Sources say NSW is averaging about 3200 bottle replacements a month.

Compound this maintenance cost with the cable occupancy rate of between 85 and 105 per cent and it is not hard to see why Telstra management and the government waste out.

Some industry analysts have placed the capital expenditure to replace the ageing lead and faulty copper network in the hundreds of millions to perhaps the billion-dollar range.

Furthermore union technical sources claim there would be very few "if any" qualified technicians or joiners remaining in Telstra ranks with the capability of cutting over large lead cables to fibre optics.

Present technology has not provided any alternative to the copper local loop which is essential for the delivery of most revenue-raising services except mobile-to-mobile calls.

In a recent interview, Telstra's managing director of wireless and wireline, Ken Benson dismissed wireless transmission as a "niche player" saying that fibre may not be an economic solution for a number of years yet.

Telstra must start replacing the faulty gal coated copper and corroded lead networks immediately.

Estans, in recommendations 2.7 and 4.2, has clearly identified problems with the pair gain system, that allows multiple calls on a single pair of wires. It provides a good financial return for Telstra but is unfair on customers and repairmen.

The pair gain system forms much of Telstra's existing network making thousands of dead cable pairs to subscribers' phones that ordinarily ought to be replaced.

In 4.2 Estans refers to internet "dial-up data speed issues" caused by poorly performing pair gain systems.

Telstra's much publicised ADSL (Asymmetrical Digital Subscriber Line) which delivers greater internet speed and functionality is not available in those rural or regional exchange areas where a pair gain system is in operation.

The government's virtual 'no strings attached' sale of Telstra does not reassure those living outside of the metropolitan area that ADSL will ever be available unless a new private owner is prepared to inject several hundred million dollars in upgrading.

ADSL is also not available in some metropolitan areas (Townsville) where the new fibre optic cables have been installed as ADSL is only configured to operate on copper hard wire, unless a RIM network is installed as part of the above mentioned upgrade to convert the signal for fibre optic, ADSL is not available.

Australia Post, could be a viable alternative for the internet, however the government plans to sell it off next year.

Pigeon broadband might soon make a comeback.

ENDS

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