



Telecoms Reform

11th May 2005

Helen Coonan

Minister for Communications



My telecoms policy decisions:

- I will appoint a dedicated telecommunications commissioner within the ACC and give him increased powers to regulate the 800 pound gorilla
- Telstra will be structural separated and the Retail division will be put up for sale. Foxtel together with Sensis will be floated separately
- My government commit to provide 2Mb/s broadband to at least 25% of Australian HHs by 2006, this will increase to 6Mb by 2008, 10Mb by 2010 and 45 Mb/s by 2015.



Telecoms Reform

11th May 2005

Paul Budde, Industry Analyst and Consultant

Paul Budde Communication Pty Ltd



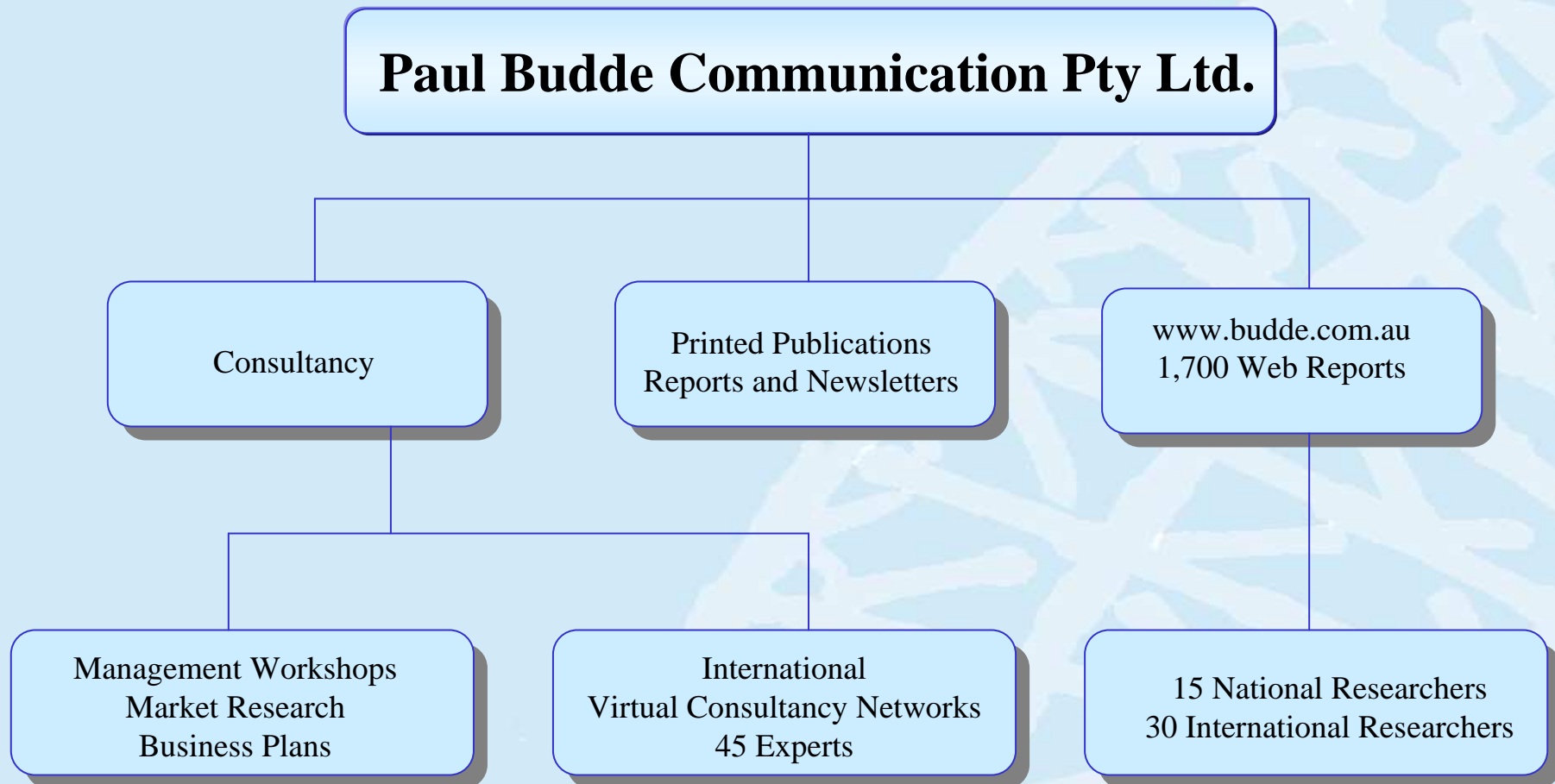
Paul Budde Communication

Global telecommunications research company operating from Australia

- *Consultancy - (strategic planning workshops, IPOs, business plans).*
- *Executive and Competitive Briefings.*
- *Annual Strategic Briefings (Australia, New Zealand, Asia,
- Market updates: Infrastructure, Wireless, Broadband, e-commerce).*
- *Board , Sales and Customer Presentations.*
- *Telecommunications Research (45 researchers in 25 countries).*
- *Research Databases, 1,700 Web Report largest on the net.*
- *Ongoing support.*



Company Map





Printed Publications

	No. of Reports
• Africa	8
• Asia	23
• Australia	12
• Europe	12
• Global Markets	9
• Latin America	7
• Middle East	4
• New Zealand and South Pacific	2
• North America	3
• Technologies	4



National benefits

- Innovation
- economic growth
- social wellbeing.

Broadband is key infrastructure for knowledge-based society. It would not be in the national interest for all elements of this section of the economy to be under the control of one player.



Telecoms Commissioner and enhanced regulatory powers

- Enhance the powers of the ACCC to ensure a much speedier outcome to access disputes (within a 3-month period).
- Appoint a full-time dedicated Telecommunications Commissioner within the ACCC.



Operational separation

Total and transparent operational separation between Telstra Wholesale and Telstra Retail, resulting in two different organisations – building, staff, billing, systems, etc – whereby Telstra Retail will have to buy Telstra Wholesale services on the same terms and conditions as the rest of the industry.



Consumer protection

- Until operational separation is in place the current retail price caps needs to be maintained, as Telstra is too dominant and has too many options to play the system – as it was able to do with the rebalancing of line rentals and voice calls.
- Price controls, however, can be limited to line rentals only, and perhaps some regional services.



USO

- Transparency in wholesale pricing to its own retail services provides the level playing field essential to allow competitors to fully participate. It will assist in creating more effective USO policy.
- Creative approach to USOs will lead to less subsidies and more industry participation (HiBis).
- HiBis need to be adjusted to make it more pro-competitive.



Regional infrastructure

- Quantify ‘future-proofing’ and ‘up to scratch’.
- Coordinating committee (next slide)
- Open networks
- Operational separation delivers: better services and competition.



Coordinating National Infrastructure Committee

- Community/industry/government based
- Government commitment and quantifiable broad aims.
- Analysing:
 - fibre-to-the-home plan from the Nationals,
 - broadband powerlines and wireless alternatives,
 - Telstra Country Wide
 - strengthening of regulations that would stimulate competitors to better utilise the current network infrastructure.



Future-proofing Australia – measurable outcome

By 2006 every Australian household/business should have access to a minimum of 2Mb/s broadband at a price under \$50 per month. By 2010 this should be a minimum of 10Mb/s for the same price, and by 2015 a minimum of 45 Mb/s, again for that price.



Reviews

Biennial reviews (or 3 years including the review year) should monitor progress and finetune the plan as required.



Media and Telecoms

- Integrate media and telecoms regulations preventing misuse of market power (leveraging infrastructure and content assets)
- Separation of Foxtel from Telstra, bundle with Sensis and create a new media company
- Telstra's major shareholding is hampering the full commercial exploitation of Foxtel.
- Infrastructure-based competition.



Investments

- Absence of any real competition Telstra not motivated to make innovative investments –restricting strategies milking existing assets.
- Telstra threat undermines investments (Optus HFC network, Nextgen, IP1, etc).

Operational separation will encourage Telstra Wholesale to make new infrastructure investments and, with the correct regulatory powers, will safeguard investments made by competitors.



- Thank you and see you on the web
for regular updates join our free email list
- **www.budde.com.au**
- The largest telecommunications research site on the Internet with close to 1,700 downloadable information documents