

ATUG Focus 27 May 2009

ATUG's Focus this week is on our 7th Annual Regional Communications Conference.

ATUG MD Opening Remarks – <http://www.atug.com.au/mediarelease/2009/regconf2009.pdf>

ATUG welcomes the Government's commitment to a Fibre to the Premises National Broadband Network for Australia. The use of wireless and satellite technologies in difficult terrain and remote areas would mean much faster broadband services for all Australians at affordable prices. ATUG supports Regulatory Reform in the telecommunications sector including the need for clear separation between wholesale and retail units in fixed network markets. ATUG wants to see action to make it easier for customers to change broadband service providers. Information from the TIO shows customers trying to exercise choice get lost in the process.

ATUG's Regional Roadshow has now visited 70 centres and travelled over 100,000 kilometres to talk to end users in regional areas about advanced communication services. Feedback confirms regional communities understand the potential of a high speed broadband network in supporting a digital economy. Creating jobs, growing businesses and supporting innovation are key outcomes for regional areas.

ATUG welcomed the progress by Government in raising the issue of excessive costs for international mobile roaming services in international forums and looks forward to lower prices.

In 2009 ATUG will hold a national series of Future Forums on the Digital Economy, discussing what needs to be done to ensure Australia's business users get the maximum benefit from the rollout of high speed broadband.

A snapshot of presentations:

Minister, Stephen Conroy - <http://www.atug.com.au/documents/conroyregconf09.pdf>

- The Government has a shared priority with ATUG to improve the availability, affordability and quality of communications services.
- We share the desire for improved outcomes in areas such as broadband access and pricing, encouraging investment and developing services in regional Australia.
- Broadband will transform our regions.
- It will assist the development of economies by opening up new employment and trading opportunities.
- It will provide social benefits such as improved access to healthcare and education.
- It will strengthen communities by providing new and enhanced communications.

ACCC Chairman, Graeme Samuel - <http://www.atug.com.au/documents/acccregconf09.pdf>

As Minister Conroy has stated, the NBN operator will be structurally separated, will provide wholesale services only and will offer them on an open access basis. He has also confirmed that no retail company will be able to control the network in its own interests.

This is a far cry from the current market structure, where the incumbent Telstra is vertically and horizontally integrated into telecommunications and the pay TV networks and related content markets.

The dominance granted to the incumbent by these decisions is clearly apparent. For example, in the fixed line voice sector, Telstra controlled 72 per cent of all fixed line retail voice subscriptions in 2007/08. Meanwhile, its nearest rival Optus held an 11 per cent share. In broadband, Telstra had achieved a 58 per cent share in retail subscriptions by 2007/08, up from 47 per cent in 2005-06.

The NBN project raises the opportunity to undo the mistakes made by previous governments that decided to leave Telstra in control of both the copper network and its retail operations. The ACCC considers these

decisions to have been fundamental errors that have had very serious implications for the development of competition in the telecommunications industry.

Stefan Keller-Tuberg, Fibre to the Home Council Asia Pacific, Chair of Regulation and Policy Committee– www.atug.com.au/atugregconf09/ftthpres.pdf

Government has a critical role to play

- Governments and regulators can substantially influence the nature and timing of FTTH / B transition
 - How open will FTTH / B be to competitive access?
 - What population coverage?
 - How can policy initiatives influence market behaviour?
- The absence of policy can be a cause of uncertainty that can delay investment
- Important progress can be made when governments take the lead
- Some governments and regulators have focussed on infrastructure competition
 - allowing the market to evolve naturally
 - eg Hong Kong
- Others have encouraged industry collaboration
 - facilitate FTTH/B by breaking down the barriers created around old services / technologies
 - eg Japan and South Korea
- Others are rewriting the competition and market structure book
 - Eg Singapore, New Zealand, Australia
- Government involvement in FTTH construction provides strong opportunity to promote change
 - A new kind of industry structure?
 - A new approach to competition?
 - Encouragement of new BB applications of national significance?

Dick Rowe, Rowcom <http://www.atug.com.au/atugregconf09/rowcompres.pdf>

Issues that will need to be addressed in the roll-out of the NBN MkII optic fibre network or rather networks

- _ Some real world network development costs
- _ Resource availability challenges
- _ The potential NBN service packages
- _ A practical approach to project realization

The property developer conundrum

- Mandated FTTP from mid-2010
- What is “fibre optic infrastructure”
- What technical, design standards
- What to do in the interim

Other presentations are available at <http://www.atug.com.au/atug2009regconfprogram.cfm>