

Good morning and welcome to ATUG's 6th Annual Regional Communications Conference. As usual our program is a mix of policy perspectives and practical experiences by people delivering communications services to regional areas. The discussions will be in the time honoured manner of ATUG events – a fearless and feisty debate among friends.

The history of ATUG's regional conference goes back to 2003, a time when the Broadband Advisory Group has finished its 12 month deliberations about broadband.

Starting from a low base of important decision makers not believing anyone really wanted broadband when dial-up 19.2kbps was available,

And a government at first refusing to consider subsidy for regional areas.

Industry position at that time was, "We will only build to demand, and we don't see any demand – also we want to get a bit more juice out of the ISDN bucket!"

2004 saw the second conference and the first Regional Roadshow – we went to 20 centres all over Australia. There was a big focus on demand aggregation and the question from regional users at that time was, "Why won't Telstra give us broadband?" There was not much interest in or by other players in the industry. The subsidy approach was individual grants under HiBIS Mark 1 and very limited funds were made available.

2005 saw ATUG's third conference and 2nd Roadshow – now we were up to 33 centres visited. At this time there was a significant ramp up of State Government involvement in broadband and the emergence of some local government players. Demand for broadband was growing, as was pressure on the political system to deliver a longer-term, more sustainable solution than HiBIS Mark 1. The subsidy was extended and used quickly.

2006 saw conference number 4 and Roadshow number 3 – now we had been to 44 centres. Demand was strengthening with people understanding what broadband is about and keen to get access for their community. The need for competitive supply became the big issue – in particular competition in backhaul services was identified as a key issue, a simple subsidy would not be enough or sustainable given the demand emerging. New technologies emerged – consumer broadband satellite services, broadband wireless services, and mobile broadband services. The National Broadband Strategy was announced in December 2006.

2007 saw conference number 5 and Roadshow number 4 – now we had visited 56 centres all over Australia. The Australian Broadband Guarantee was announced – "Every Australian, wherever they are will have access to metro comparable broadband".

The ABG and Broadband Connect Infrastructure programs were launched. The skew to satellite in the ABG was a problem, limiting choice and causing a number of wireless innovators to leave the market.

OPEL won the BCIP project to provide national backhaul infrastructure, ADSL services and mobile broadband services.

Broadband became an election issue – for the first time in the world.

Feedback from the 2007 Roadshow was strong and clear:

Regional end users:

- Are well aware of the benefits of competition
- Understand that Telstra is focused on outcomes for its shareholders
- Will expect Government to deliver and fund “social equity” outcomes

Focus needs to shift now to:

- Supporting State Government initiatives – WA, SA
- Working with low density, small communities in difficult terrain areas
- Working with very small, community focused ISPs

So here we are at conference number 6, and planning for Roadshow number 5:

- The National Broadband Program is in play with three elements – the NBN Proposals, the NBN Regulatory submissions and the NBN Remote Solutions piece.
- OPEL has been cancelled.
- New ABG Draft Guidelines are out for comment by 27th May.
- The USO is being reviewed.
- The Minister is determined to get a stronger consumer voice into the debate
- Market demand for broadband is strong – a conversation at the garage at Sutton Forrestnear Goulburn, it's a disgrace...just outside Wagga, it's a disgrace....

ATUG's views in submissions over the next couple of months will reflect our core concerns:

Competition

After all these years, this is still key for ATUG. It's the only sustainable way to make sure prices are affordable - not below cost and not the world's lowest but genuinely competitive prices.

The world is exploring new regulatory tools to deal with competition in the new networked world – tools such as structural separation; or functional separation and its core concept of equivalence.

Innovation

Innovation always seems to start with the small players. It's why the market needs small players – they might be unruly and not fitting the mould but they are the drivers of innovation. In mobiles, read Hutchison, in broadband think Internode, iiNet and much smaller ISPs.

Affordability

Another ATUG concern – broadband won't achieve its transforming potential if people can't afford to buy the service!

So we are approaching three important deadlines quickly after the conference – ABG Draft, 27th May; Regulatory submissions 25 June; Remote Solutions 25 July. ATUG is keen to hear member views on these important issues.

Email rosemary.sinclair@atug.org.au

Three key policy areas for us in 2008 are:

FTTN – Forced Transfer to Nirvana?

We don't want FTTN to mean Forced Transfer to Nirvana –we are worried about comments made by Telstra to the analyst community that they will cut the copper and force customers onto fibre. We understand the economics of FTTN don't work unless all the customers switch across – but until we know the prices and how they compare to the bundle of value people buy now, ATUG is not committed to the forced transfer.

End users have been through this recently with the CDMA closure - which may well be a better future for customers but only if competition survives. At the start ATUG said the price for voice services on NextG must be comparable to those available on CDMA. In the end the CDMA transfer needed the Minister's intervention and action by the ACCC on misleading advertising to get a fair outcome for end users. ATUG welcomes recent announcements by Optus and Vodafone to extend their 3G coverage beyond major urban centres. And we welcome moves by Hutchison to bring down the prices of mobile data – as they did with mobile voice caps.

The recent High Court decision on competition in telecommunications confirmed that the copper network is subject to an access regime and thus competition. If fibre is being seen as a chance for freedom, a flight from competition – that will mean higher prices for end users. Then end users will need to see a strong role for the ACCC and probably action by the Minister to ensure fair outcomes for end users. We would rather have effective competition which will bring sustainable competitive prices, stronger growth and more innovation.

CUSTOMER SERVICE

Customer Service – especially in the broadband market - is not working well. When call centres are asking customers whether the broadband service is delivered as a resale service or a ULL service, something is wrong! We are

pleased to see the Minister respond by building the consumer voice and listening to the TIO. We want industry to look at the broadband switching processes quickly and improve them so that the competitive market can work effectively. We want industry to look at customer service generally – holding times of 40 minutes, drop-outs, promises to call back, transfer between staff, wrong information, all add up to a bad experience for customers and a bad reputation for industry.

ROAM FAIR

And finally, our Roam Fair campaign to bring down roaming prices for mobile voice and data services. The promise of industry any device, anytime, anywhere is fine as long as it's not at any price. We have been pleased to see the Minister pick this issue up during APECTEL by starting discussions with other Ministers in our region– we will continue to press this issue during 2008.

ATUG's recent travel to NZ for discussions with TUANZ highlight the issue once again – why does it cost \$3.30 per minute to call back to Australia from Wellington? The case of New Zealand is very clear – all telcos in that market have operations in Australia and yet they still charge the high roaming termination rates. Put starkly, Vodafone's New Zealand customers get a much better deal in Australia at around 75c per minute, than Vodafone Australia's customer get in NZ at \$3.30 per minute.

The CER between Australia and NZ should fix this. The Free Trade Agreements Australia is building should fix it on a wider front. If not, regulators will have to work across borders (the way telcos and end users do!) to mandate a fair outcome, as happened in Europe.

At present, Hutchison's 3 is the only company offering a fair deal on international roaming – but you have to be able to access the 3 network and the use is still not included in the monthly cap.