



Communicate
Collaborate
Innovate

Opening Remarks – ATUG 2010

Each year in these Opening Remarks I take the opportunity to reflect briefly over the last 12 months and to outline the issues of interest to ATUG and our members in business, government and community organisations in the coming 12 months

The last 12 months have been a period of setting a new course for the communications sector and its customers.

Government during 2009

The BIG BANG NBN announcement was made on the 7th April 2009 and the new course outlined.

The Government announced a fibre to the home based NBN and committed up to \$43bn to make it happen.

ATUG welcomed this announcement as the culmination of 30 years' focus on securing competition and more recently 10 years of effort to secure better broadband deployment in Australia.

The Government undertook to:

- Commence an NBN implementation study
- Fast-track negotiations with the Tasmanian Government, to build on its NBN proposal
- Address 'black spots' in major regional centres and rural towns – ATUG was very pleased to see many the 85 regional centres we have been during on our Regional Roadshow since 2003 included in the final projects.
- Progress legislative changes for NBN Co – a current focus for most of us
- Facilitate the rollout of fibre networks including in greenfields developments
- Make an initial investment in the network of \$4.7 billion, and to
- Look at necessary changes to the existing telecommunications regulatory regime given the 8 year timeframe for the NBN - the Telco Reform Package legislation

Telco Reform Package

This legislation is being debated in Parliament this week and while ATUG made a number of comments on the Bills, we support the intent to deal with the conflict that arises for companies trying to have a foot in wholesale and retail at the same time.

ATUG members will be using NBN and non-NBN services simultaneously for many years to come so transitioning the existing arrangements to support stronger competition is essential.

We understand the political imperatives and the consequences of this legislation but our view remains the legislation deals with problems that have bedeviled competition in telecommunications from day one.

The impact of the legislation will be better outcomes for all end users of communications services.

Period of Change

The April package of announcements has ushered in a very significant period of transition for the sector and its customers:

Transition For Telstra – as it negotiates with Government and NBN Co

ATUG does not underestimate the difficulty of this task – with the Telstra Board having clear responsibilities for shareholders and the Government having equally clear responsibilities for ensuring Public Interest outcomes. ATUG is keen for a win-win-win outcome that sees Telstra with a core and comprehensive but not dominant role in a high growth, innovative communications sector, good policy outcomes for Government on Competition and good outcomes for End Users

Transition - For the Telco sector – as the industry works its way through the concept of the NBN.

An open access, wholesale only network with objectives for Coverage, Competition, Cost-Effectiveness and wholesale Customer Care.

But the clear reality is a more complex supply chain - what this will mean for telcos as wholesalers and their retail customers?

ATUG supports the industry work being done through Comms Alliance to transition the sector to the NBN era. Paul Brooks will speak about this work later.

ATUG has argued that “born innovators” in the services, content and applications sectors (think Health Department, think banks, perhaps retailers). Media) are also given open access and equivalence on a wholesale basis.

This may mean the wholesalers themselves offer wholesale services – as happens now, as happens in other markets.

ATUG does not want to see the possibilities for innovation limited to those who own bits of physical infrastructure.

Transition – for the Economy – a fundamental shift to a Digital Services Economy.

There are implications from the intergenerational report, the issue of climate change, the push for productivity, post GFC budget rebalancing – all big drivers for a move to a Digital Economy.

Transition – for Government

And within Government a period of reflection about the role of government, the development of policy and the right regulatory tools for a new era and a world without boundaries – in which global broadband networks and the global Internet mean domestic responses to big problems are necessary but not sufficient.

These same information tools could facilitate a change from consumer “protection” to consumer “empowerment”.

NBN – ATUG’s Core Principles for Business users

ATUG has been working with ACCAN and ISOC – Au on a parallel path to the industry work preparing for an NBN environment

ACCAN CEO Allan Asher will cover the Consumer Policy Principles.

ATUG has focused on Business End User Principles for the transition to the NBN. We share many of NBN Co’s objectives.

ATUG’s Business User NBN Principles are based on many discussions with members over the period 2007-2009:

- **The Long-term Interests of End Users** must remain the focus of policy and regulatory decisions, whether they are made by Government Regulators or by Industry in Self-Regulatory processes

Long-term interests of end users means what it has always meant:

- Promoting competition
- Ensuring any-to-any connectivity
- Encouraging economically efficient use of, and efficient investment in, infrastructure (NBN focuses on **Cost-Effectiveness**)
- **100% Coverage** - The big benefits from the NBN Policy will only emerge when there is over 90% take of the higher speed services offered over the NBN. What happens to the other 10% is also very important to ATUG - and we will be doing more in our 2010 Regional Roadshow and our May Regional Conference to secure the right outcomes here. Discussions and decisions about Spectrum are of vital interest to the NBN solution in non-metropolitan markets. These need to be made quickly.
- **Customer Care**
 - Business needs for speeds, service levels, service security and rapid restoration must be factored into NBN planning –

consumer grade is not good enough for business; best endeavours Internet grade is not good enough.

- Migrating to the NBN should not cause any detriment to business operations or business budgets.
- **Competition** - NBN must remain a wholesale only operator BUT if the higher level wholesale network services needed, to foster application and content services innovation, are not developed by the market, NBN should be required to supply them so that Business enjoys stronger competition and expanded choice as a result of the Government's NBN Policy.

In summary

- Business End users want an NBN
- Business End users want "an affordable NBN"
- Business End users want a "NBN that works"
- Business End users want a "NBN that works all the time"
- Business End users want more choice and stronger competition

ATUG's input to the Government's Draft NBN Bills will be based on these principles.

Digital Economy

Equally important to ATUG in 2010 is further development of the Framework for the Digital Economy.

Last year saw a number of discussion papers and the Government's Realising Our Broadband Future Forum in December. Throughout 2009 ATUG held member Forums discussing the shift to a Digital Economy and the implications of this. Katherine Sainty of Sainty Law chaired these Forums for us and will give a detailed presentation on our findings later this afternoon.

These Forums identified a series of Work in Progress Principles for the shift to a fully functioning Digital Economy:

Australia needs a clear Whole of Government/Whole of Economy **Working Strategy** – more than Future Directions, more than a Framework, a COAG level commitment

Services will drive success - so Innovation must be fostered - Smart Applications and new Service Providers must be encouraged into the market. This is where the benefits side of the NBN equation will start to flow

Security is the Scaffolding for a fast growing Digital Economy – physical security for the network, service security, identity security and transaction security

Skills need updating – not just the professionals but the whole community.

The capacity and tools that will be available to Australians once the National Broadband Network (NBN) is rolled out require a range of new and updated skills for people in the community and workplace to perform effectively in a Digital Economy.

Competency with digital equipment, an ability to carry out transactions on line and being able to create digital content and participate in social media, especially as business models develop.

Encouragingly, work has commenced to identify and train different “at risk” groups about digital literacy. The ACMA has conducted extensive research into how different groups in the community access technology and services and ATUG understands Innovation Business Skills Australia (IBSA) has begun work on scoping business needs.

The Federal Government should be looking to replicate the strong support given to the digital TV switchover by establishing a community focused digital literacy program, building on the ACMA research, to help the transition to NBN based services.

Workplace programs are required for business and government agencies, large and small, and professional development for ICT specialists to build a critical mass of digital literacy skills to deliver the productivity and innovation of the NBN.

And lastly “**Structures and Settings**” also need updating for a Digital Economy – calls for an Online Ombudsman in recent days is part of this discussion, calls for Converged Market regulation, reflections on the role of a “Standard Telephone Service” in NBN era, new approaches to consumer and small business empowerment, reflections on the role and approach of Private Sector players in securing Public Interest outcomes in Internet decisions – are all examples of BIG PICTURE “structure and settings” questions for 2010

Plans for 2010

ATUG will continue our focus in 2010 on Digital Economy developments through the work in our Digital Economy Stakeholders Group Future Forums, looking at new models for service delivery – a “Broadband Way of Doing Things” in Government, Health, Education, Business, Community and Infrastructure sectors.

ATUG will be back on the road with the 8th Regional Roadshow talking directly to communities in regional areas about NBN developments, Digital TV switchover, Consumer Policies, Cyber-security. The Roadshow will get underway in April and run until September.

ATUG’s Regional Conference in Canberra in May will focus on NBN for the 10% outside the fibre footprint, looking at wireless and satellite options, strategies for improving awareness and uptake of broadband and the important topic of Digital Skills Development.