



25 years of **ATUG**
 Australian
 Telecommunications
 Users Group

A History of ATUG 1981 - 2006

Celebrating 25 years of Competition and
 Innovation in Telecommunications

ATUG Chairman

Harold White
 1981 – 1986



The Hon Tony Staley
 1986 – 1990



George F Maltby AO
 1990 – Present



ATUG Executive/Managing Directors

Walter Rothwell
 1981 – 1995



Allan Horsley
 1995 – 2001



Rosemary Sinclair
 2001 – Present



ATUG 1981 - 2006

Effective Participation – An Australian Experience

With rapid technological improvements and growing competition in telecommunications services overseas in the late 1970s, pressure arose in the business community for Australia to catch up, particularly from the New South Wales Chamber of Commerce.

In response, the Federal Government commissioned an inquiry into Telecommunications Services in Australia in September, 1981. The inquiry was chaired by Mr J A Davidson and took evidence from a wide range of organisations and people - including those representing the end users of telecommunications services. Notwithstanding the robustness, sense and reasonableness of the recommendations arising from the review the Government of the day did not act upon the proposals.

As a result, Australian telecommunications business users increased lobbying of Government to bring about reasonable change. The Australian Telecommunications Users Group (ATUG) was formed to bring together a substantial number of business users of telecommunications services who were focused on the need for reform in this industry as a means of enabling business users as well as residential users to gain better telecommunications services more quickly and at lower prices.

Reform – Stage 1 – 1981 -1989

In 1987, the Labour Government (elected in 1983) announced a review of the role of Government Business Enterprises including those operating in the telecommunications sector. At the time there were three GBEs in the sector:

- Telecom, a Government owned corporate entity formed from parts of the earlier Postmaster Generals Department;
- Overseas Telecommunications Commission, formed after the 2nd World War with responsibility for overseas communications services and
- AUSSAT, a Government owned satellite company established in 1982

ATUG made key submissions to this review process arguing for a significant opening up of the communications industry and the establishment of an independent regulator.

As a consequence of this process, the Government published a White Paper – Australian Telecommunications Services, A New Framework that proposed the first steps in the conversion of the Australian telecommunications sector from a monopoly to open competition.

The report proposed:

- maintaining the three government owned carriers, Telecom, OTC and AUSSAT
- the establishment of an independent regulator
- full competition in value added services including resale
- increased competition in customer terminal equipment

The Government then prepared legislation to bring about these changes and took the historic step of making draft legislation available for public comment.

Again ATUG made substantial submissions to this process in an effort to ensure the legislation reflected the policy intent and delivered user focussed outcomes. This process resulted in the Telecommunications Act 1989.

From an end user perspective the major gains of this process were:

- Establishment of Austel as the industry regulator
- The opportunity for resale of communications capacity and
- Development of the Service Provider industry

Austel, the independent regulator built upon the consultative arrangements established by Government in the preceding years and established formal consultative bodies and processes to enable it to be informed of industry and community needs.

ATUG held formal positions on a number of Advisory bodies particularly the Standards Advisory Committee and the Numbering Advisory Committee to ensure the end user perspective was appreciated.

Of particular significance from an end user perspective was the process by which Austel operated. At any time when Austel wished to consider an issue of significance following lobbying by an industry sector or following a direction from Government it would prepare a discussion paper, hold one or more public discussions, request formal inputs from interested parties and finally decide upon a position, with its reasons and rationale, set out in a public document. ATUG also lodged submissions to many of the open public inquiries held by Austel during its 10 year life.

These processes placed substantial demand on end user organisations which were relatively poorly resourced. ATUG with a very small staff depended then (as now) on support from its membership to develop the necessary policy positions and ideas to bring about beneficial reform.

Reform – Stage 2 - 1990-1997

Following the initial success of resale based competition and the independent regulator, the Australian Government, again through a White Paper, proposed the introduction of limited competition and a restructure of the industry.

This White Paper – Micro Economic Reform Progress, Telecommunications, was published in 1990 and proposed the amalgamation of Telecom and OTC into one entity still owned by the Government and the sale of AUSSAT as the foundation of a new second licensed full services carrier. It also proposed a third mobile carrier. Public submissions on the proposal were sought.

ATUG made substantial submissions proposing an alternative model. ATUG's model proposed that OTC and AUSSAT be amalgamated and sold to form a robust privately owned competitor for Telecom. The original proposal prevailed and in ATUG's view slowed the development of open competition because it created a very unbalanced marketplace.

The Telecommunications Act of 1991, again developed through an open consultative process, restructured the Australian telecommunications industry to provide for two full service carriers - Telecom and the new full service carrier Optus together with Vodafone, as a third mobile provider. At the same time, the Government directed that the GSM standard for mobiles should be used by all three carriers.

The following six years saw Optus establish a fixed trunk communications network throughout Australia, a Customer Access Network in parts of some capital cities and a national mobile telephone network, and further develop the satellite business acquired from AUSSAT.

Vodafone established a mobile network with a service focus directed at business customers.

Telecom changed its name to Telstra and undertook major network modernisation particularly the conversion of its network to a fully digital platform, the roll-out of its GSM mobile network and the development of a cable network in capital city areas largely in parallel with Optus.

Throughout this period, Austel undertook a variety of tasks to encourage and support the growth of competition through effective interconnection of the services offered by the three carriers and through resale by Service Providers. The resale operators acquired carrier services in bulk at discount rates, added value, particularly through simple tariff structures and quality billing and sold the final product to their customers.

During this period, ATUG contributed substantially to the development of the concepts of preselection, code selection, interconnection arrangements, technical and service standards and the ongoing and necessary changes to the National Number Plan to ensure the important end users objectives of any to any connectivity and service interoperability were achieved.

Reform – Stage 3 - Open Competition 1997 - 2001

The 1991 Telecommunications Act foreshadowed the introduction of open competition in July 1997.

In 1996, the Government formed an Advisory Panel to provide input into the development of the legislation to bring about open competition. ATUG was a member of that Panel always seeking to ensure outcomes were beneficial to end users.

The development of this legislation was interrupted by a General Election in 1996, which saw a change of Government. The incoming Liberal and National Party Government, in fact more strongly supported open competition.

Again a public consultation process took place followed by draft legislation and ultimately the Telecommunications Act of 1997, which provided for fully open competition.

Very significantly, the object of the new legislation, in contrast to the previous legislation was designed to bring about specific structural change, was to “provide a regulatory framework that promoted the long term interests of end users”.

Input from ATUG during the development phase of this legislation had significant influence on the development of this legislative objective.

As well as creating an open competition marketplace with the Telecommunications Act 1997, the Government transferred responsibility for the management of the competition to the general industry regulator, the Australian Competition and Consumer Commission. A new Government technical regulator, the Australian Communications Authority was also established with responsibility for the oversight of technical regulation as well as the planning and allocation of Radio Frequency Spectrum.

The legislation requires these regulators to adopt a safety net approach and sets out the philosophy for Industry Self Regulation within the Government policy framework.

As a consequence, new industry bodies were created to undertake the necessary detailed regulatory activities required by the Industry Self Regulatory philosophy.

Two bodies were created, one with a focus on intercarrier access issues - the Australian Communications Access Forum (ACAF). The other with a focus on the technical and operating standards for the industry and consumer issues - the Australian Communications Industry Forum (ACIF).

ATUG played a major role in the formation of ACIF. ATUG chaired the interim body, the Network Interworking Industry Forum for two years and is still a Board Member of ACIF.

Reform – Stage 4 - The Telecommunications Framework 2001-2005

The Telecommunications Framework covers both competition and consumer issues and has an open consultative approach to review and reform. 2001-2005 has seen significant adjustments to the framework in light of experience. ATUG has made submissions and representations during all major consultations to ensure the long-term interests of end users remains at the forefront of policy decisions.

2001

ATUG’s Managing Director Allan Horsley was appointed to the ACA to ensure the Authority had regard to regional, rural and remote issues and consumer interests – issues long championed by ATUG.

The Telecommunications Access regime was streamlined to speed up access decisions, to recognise Pricing Principles and allow for Interim Determinations, and to provide certainty for investment with improved arbitration processes.

On the consumer side, this period saw further development of the Customer Services Guarantee which was introduced in 1998 to address delays in connection and fault repair of services by reducing

maximum allowable times. There was also change to the Universal Service Obligation with the requirement to provide temporary services where timeframes are likely to be exceeded. The Government continued funding of regional telecommunications services with \$163.1 million in response to the Telecommunications Service Inquiry. Untimed local calls were introduced in the remotest parts of Australia.

Funding was provided for increased consumer representation and research activities. Codes developed by ACIF are only registered with ACA provided there has been consultation with consumer representatives.

Mobile number portability started in Australia on 25 September 2001. In the first two months of mobile number portability (MNP), about 90,000 mobile phone users 'ported' their numbers to another mobile provider. In most cases, their change of provider went through smoothly on the same day as it was requested.

2002

ATUG was a member of the government's Broadband Advisory Group which was set up to look at demand side and supply side issues relevant to uptake of Broadband in Australia. ATUG also contributed to the Inquiry into Wireless Broadband Access.

The Telecommunications Competition regime was amended in response to the Productivity Commission's report. ATUG participated actively in this review. The changes introduced an undertakings process to encourage further investment, model terms and conditions for core services, speedier access decisions, improved anti-competitive conduct provisions, and better information and transparency with accounting separation for "core" interconnection services.

The National Reliability Framework was introduced to monitor and improve the reliability of the telephone service provided under the USO.

A new Price Control package was introduced, after review by the ACCC and public consultation in which ATUG participated, which allowed line rentals to increase (+4%) to recover any "access deficit", provided call cost decreases (-4.5%) offset the increases. The package removed mobile calls and leased lines from the basket. The impact of the access deficit was assessed at 45% higher interconnection charges.

ATUG started to become active in the area of online security with an increased focus on the problem of spam. ATUG supported the government's efforts to deal with this problem on the international level, through our participation at APEC TEL.

The Report of the Regional Telecommunications Inquiry (Estens) recommended measures to improve services and to provide for future-proofing. ATUG participated actively in the inquiry process. The report addressed telephone service levels, mobile coverage and broadband availability.

2003

Mobile carriers agreed to block stolen or lost mobile phones. ATUG had been working with the industry to secure this outcome for end users.

Accounting separation to improve transparency and competitive outcomes for end users was implemented with a Ministerial Direction. ATUG participated in this process to ensure competition would work to benefit end users.

The Government responded to the Regional Telecommunications Inquiry with a range of measures to ensure service adequacy, funding to extend mobile coverage, undertakings about pair-gain systems, the development of a National Broadband Strategy and funding for extended broadband availability via HiBIS, a Local Presence licence condition on Telstra among other measures. ATUG was an active contributor to this Inquiry and its final recommendations.

The prospect of a merger between the ABA and the ACA was proposed given convergence and changes in the industry over the previous decade.

After open consultation legislation (Spam Act 2003) banning spam was introduced which prohibits the sending of commercial email without prior consent of end-users unless there is a pre-existing customer-business relationship. ATUG was involved in this issue because of the costs and waste of resources by end users in dealing with the increasing amount of spam.

The CSG was amended, with ATUG support, to allow for exemptions for new carriers with a small market share in a specified geographic area while they establish in that market. Overall benefit to end-users is the basis on which the assessment is conducted.

ATUG worked with ACIF on a range of codes including the revision of the Pre-Selection code which allows end users to keep their numbers when switching between service providers.

ATUG participated in a further review of the USO scheme arguing that the USO should be funded by Telstra and that other carriers should be required to make financial commitments directly to regional areas.

2004

The National Broadband Strategy Plan was introduced with \$142.8 million funding for extended and accelerated broadband access. ATUG continued its focus on broadband with a Regional Broadband Roadshow which visited 20 regional centres across Australia to inform end users about options for broadband and government funding programs.

ATUG participated in work at ACIF on fairer contracts for Australian consumers and small businesses, rules and credit management arrangements to prevent unexpectedly high bills from premium rate services and Internet diallers on international numbers.

A further review of Price Controls was initiated in early 2004 to be conducted by the ACCC with recommendations to Government. ATUG participated in this process recommending the removal of business line rentals from the price control basket and the focusing of control measures on services where competition is not strong. The new regime recommended that further increases in line rentals be capped at CPI.

Another important pricing decision was handed down in the final report of the ACCC's Review of Mobile Services. ATUG contributed to this review during 2003 and 2004. ATUG's key concern was that high prices for mobile termination access were being reflected in the prices for fixed to mobile calls. ATUG argued for and supported the ACCC's final recommendation that termination prices should be reduced by mobile operators over the next three years from 21c per minute to 12c per minute.

Government decided ACA and ABA would merge into ACMA. This move had ATUG support.

The IIA developed an industry code of practice for ISPs and email SPs to help minimise spam and provide additional anti-spam support for consumers. ATUG supports a multi-layered approach to combating spam – legislation, industry action, technology tools and end users education. ATUG supports this work in international fora such as APEC TEL.

ADMA (Direct Marketing Association) also developed a code of practice which provides guidelines for businesses wanting to join the fight against spam. ATUG welcomes the development of codes by other industry groups. ATUG's main focus on code development remains with ACIF.

ATUG participated in ACIF's work on Next Generation Networks. ATUG focused on any-to-any connectivity issues, interoperability across networks and quality of service issues, numbering and addressing.

ATUG undertook a large research project into SME use of and expectations of telecommunications and computing technologies and services providers. This work assisted with ATUG policy development and information events.

2005

ATUG was invited to be part of the Government's Teleworking Taskforce, which looked at the issues and impediments to achieving accelerated take-up of Teleworking opportunities by employers and employees. The focus of the taskforce report is on increased workforce participation, business productivity and regional sustainability. ATUG was also invited to be part of the Department of Health and Ageing Broadband for Health Program Working Group.

ATUG conducted more Broadband Roadshow events in Regional centres to improve awareness of the benefits of broadband and the technology and funding options available to support regional end users.

The government announced a package of measures to support the sale of Telstra:

- Funding of \$1.1billion to address gaps in current services
- Funding of \$2billion to provide income to fund new technologies into the future
- Stronger competition regulation – operational separation
- Tighter consumer safeguards – price controls, USO, CSG, NRF

ATUG participated in the consultation that surrounded the development of these measures. Implementation will take place in 2006. Operational separation is key to ensuring non-discrimination for competitors using Telstra copper network wholesale services. The Draft Determinations by and large strike an appropriate balance between Telstra's commercial interests, the interests of end users in strong, effective competition and the interests of other providers and investors in the industry

The government announced that retail price parity obligations will extend beyond local call prices to include retail line rentals. This measure was introduced via the Price Control regime and will be taken into account by the ACCC in its deliberations on ULL pricing.

Telstra announced plans to migrate to a next generation core IP network and from CDMA to 3GSM in regional areas. ATUG will follow these issues in 2006 on behalf of members.

The policy for VoIP services was announced after public discussion. A new non-geographic number range will be established for VoIP providers to offer nomadic services. ATUG has actively contributed to the ACIF forums on these issues. The savings for VoIP users are significant. ATUG commissioned independent research into the savings, quality, ease of use of VoIP services that showed significant benefits to end users. ATUG's Information Events program in 2005 concentrated on VoIP and IP Telephony.

ATUG continued to discuss the need for security and confidence in the online environment with industry bodies, policy makers and regulators.

ATUG continues to monitor developments internationally as a benchmark for end user outcomes in Australia. ATUG's participation in INTUG, and at APEC TEL, help in this work. At present the key issue for ATUG is Australia's continuing poor performance in broadband, despite Government policy and funding initiatives. Speeds are too low, download limits are still common and prices per megabyte are high by comparison with like countries. Competition policies such as Unbundled Local Loop access and pricing are key to overcoming these issues.

ATUG is still focused on fixed to mobile prices and the continuing high price of mobile terminating access. This and ULL pricing are forming the next wave of industry disputes.

General Industry Participation of a Users Group

Over the last 25 years, Australia has developed a model of telecommunications policy development where the demand side or end users view of the appropriate development paths of the communications industry is actively sought. Industry self-regulation processes make a significant commitment to seeking and reflecting end user commitments. Government funds consumer representation and research directly.

ATUG has been able to make a positive contribution to a wide range of review activities because it has been able to assemble a demand side perspective and present a considered position to Government, the Regulators or to carriers.

Examples of such activities have been:

- Membership of an Industry Group to review the opportunities available to the community through the provision of broadband communications services and the related content services to the business and residential community. The report 'Networking Australia's Future' became a reference document for industry in subsequent years.
- Membership of a Review Group which considered an appropriate service specification the "Standard Communications Service" provided to all Australian's regardless of location under the Universal Service Obligation.

A consequence of this work was the upgrading of the service specification from an analogue service to a digital 64kbps service.

- Membership of a Study Group to examine the issues related to putting communications and electricity cables underground.

A consequence of this work was the development of an engineering and economic model for the assessment of the appropriate methods and indicative cost of placing communications and electricity cables underground in a variety of urban environments.

- Hosting of an industry review panel to assist a major carrier to develop a mutually satisfactory service specification for a communications business customer billing arrangement. The outcome of this activity was a restructured billing arrangement which met the needs of end users as well as the carrier.
- In addition to these activities, ATUG has made major submissions to the Government Regulators, ACCC, ACMA (previously ACA) and the Productivity Commission on a wide range of industry topics.
- Appropriate costing methodology for provision of services under the Universal Service Obligation.
- Methods for the competitive supply of services provided under the Universal Service Obligation.
- Australia's Broadband Advisory Group
- Input into the restructure of Telstra for the sale of the third tranche and the proposed Government plans including the Local Presence and Operational Separation plans
- The National Teleworking Taskforce
- The Department of Health and Ageing Broadband for Health Program Working Group.

In each case, ATUG, often with feedback from users and independent research, has sought to demonstrate the purpose and benefit of a particular approach.

ATUG submissions seek to recognise the costs of provision and benefits to a provider relating to particular issues, the beneficial consequence of having such a capability from an end user perspective as well as the overall industry benefit of improving or growing the competitive marketplace.

The workings of ATUG

It is obviously important that the members of a User Group receive benefit from their own individual contributions to industry processes as well as the group itself being seen to succeed.

ATUG for its part runs regular fora to seek input from members and industry participants on a particular issue. The contributions offered at these fora are distilled into formal ATUG submissions to appropriate bodies.

ATUG also offers to its members a knowledge enhancement program, parts of which are self generated with other parts being provided by industry experts.

Branch Meetings with speakers discussing topical matters are held in each capital city on a regular basis. Industry breakfasts, workshops or fora on particular significant industry issues and developments are held around Australia six or seven times a year.

ATUG holds Australia's leading telecommunications conference in Sydney in March of each year. It also holds a comprehensive Regional conference in Canberra in May of each year.

Given its position in the industry, ATUG is able to bring a leading industry player to a round table discussion with key members to exchange views on matter of significance for today and tomorrow.

The process of providing feedback to members, to give them the earliest possible advice of change and the opportunities available is of paramount importance if the support of members is to be retained and enhanced.

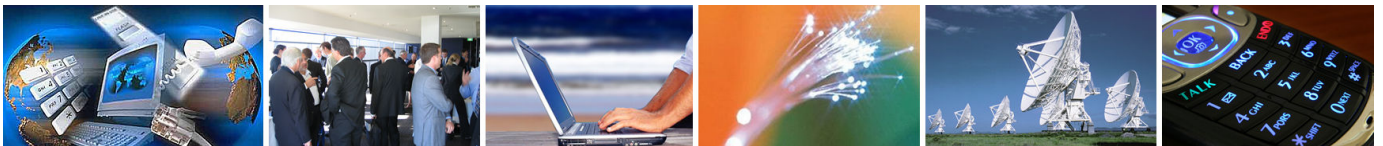
ATUG is managed by a Board of fourteen Directors elected from the membership. Half of the Board is elected each year for a period of 2 years. The Board meets four times per year in the capital cities of Australia. These visits are used as an opportunity for Board Members to meet with the membership as well as participate in the formal Board Meeting.

Success Factors

The experience of ATUG over 25 years of activity suggests that quality submissions resulting from careful research and where appropriate, direct user input, along with committed participation in various fora will over time establish the credibility of the user group in the eyes of Government, Regulators and Carriers. The acceptance of a user perspective by one or more of these groups will assist the user group itself maintain and grow the financial and intellectual support of its own constituency.

No one approach will suit all circumstances. Each community will need to tailor its approach to suit its own state of industry development, government structure and national culture.

Without a doubt, end users, the customers of the communications industries, can make a major and ongoing contribution to the successful and beneficial development of an industry which already is, or will become, a major driver of economic development in all countries.



Australian Telecommunications Users Group Limited
Post Office Box 1500
North Sydney NSW 2059
Telephone: 02 9927 9999
Facsimile: 02 9925 0880
Email: email@atug.org.au
Web: www.atug.com.au