

## ACIL Tasman: Government telecom policies add \$12 billion to economy

ACIL Tasman has estimated that the Australian economy received a \$12.4 billion boost from the government's telecommunication competition and welfare policies since 1997, in a report it prepared for the Australian Communications and Media Authority.

The economics consultancy employed general equilibrium modeling, regional analysis and qualitative analysis in conjunction with Gibson Quai AAS to derive the estimate.

Consumers derived \$8.4 billion in benefits, small business a further \$2.4 billion in benefits while some 23,280 jobs were created as a result of the policies. State breakdowns suggested that NSW, Victoria and South Australia gained a slightly higher economic boost than the other states but all areas gained benefits.

In the year to March 31 2005 alone, household consumption increased in the order of \$1.3 billion, increased benefits to small businesses were over \$200 million and investment increased by almost \$500 million as a result of the policies, said the report.

**ENORMOUS BROADBAND SHIFTS:** The most significant finding of the report was the enormous shifts in the broadband market across the year.

Not only did overall broadband numbers increase by 109%, but there were dramatic increases of broadband availability in towns between 800 and 2000, as well as a 230% increase in data volumes and a 50% decrease in prices per gigabyte.

Communications Minister Helen Coonan said the report vindicated the success of the government's HiBIS scheme.

"In the past year, more than 800 regional and rural towns have been connected to terrestrial broadband services, such as ADSL and wireless, as a direct result of HiBIS," Senator Coonan said.

"This means that more than 600,000 households and small businesses in regional and rural areas can now access an affordable ADSL or wireless broadband service as a direct result of HiBIS - 12 months ago they couldn't. There are also now more than 10,000 HiBIS satellite services in operation."

Although there was a 6.9% increase in terrestrial availability across Australia, that rose to 12.8% in Tasmania and 14.2% in the Northern Territory. But the other trend was the massive increase in affordability of broadband. Average revenue per broadband sub fell \$203 to \$482 for ADSL subscribers, \$98 to \$554 for cable subscribers and \$8 to \$233 for narrowband subscribers.

Cable subscribers were the heaviest users of data, downloading 15.7 Gbits each. DSL followed at 10.8 Gbits followed by satellite at 2.6 Gbits and narrowband at 1.6 Gbits.

### TODAY:

ACIL TASMAN estimates that government telecom policies have added \$12 billion to the national economy

LAST TO MARKET with 3G, Optus is still claiming a number of firsts

TELSTRA appears set to merge its HK mobile unit with New World

PAUL BUDDE reckons Telstra will have to cut 15,000 jobs to stay in touch with European benchmarks

EQUINIX has signed Australian VoIP provider Broadband Phone as its latest customer

VOICE RECOGNITION USERS have formed a user group

WSIS prepares for the great Internet show-down

The report also found that total mobile revenue increased by 11.1 percent to \$9.1 billion by March 2005. Total call minutes increased by 11.7 per cent and the carriers' average nominal revenue per call minute fell by 1.8 per cent. SMS or data revenue increased from \$970 million to \$1.17 billion – an increase of 21.3 percent. Total fixed-to-mobile call revenue decreased by 1.7 per cent while fixed-to-mobile call volumes and call minutes increased respectively by 3.7 and three per cent.

Grahame Lynch

## Last-to-market Optus 3G promises some firsts

Optus may have been last to release a third generation network, but Australia's number two telco still managed to claim a few firsts - an instant messaging service for mobiles, roaming WiFi and 3G datacards for laptops and world-first implementation of a new carrier network sharing technology.

Optus yesterday launched 3G services in Sydney, Melbourne, Brisbane's CBD as well as Brisbane, Perth and Adelaide airports. Adelaide and Perth coverage is expected to follow mid next year.

Optus users with datacards will be able to use the network immediately, while voice and video-calling customers will be able to sign on within two weeks. "There are still a few things we have to tweak," said Optus Consumer MD Allen Lew. In the meantime, five subsidised handsets from Nokia, Samsung and Sony-Ericsson will be rolled out into retail stores, ready for a pre-Christmas push.

Customers will be offered four capped plans, starting at \$49 per month and including voice and video calls to the value of \$230. Customers will also have the choice of subscription to either web browsing, content or an instant messaging service.

"We have the only instant messaging client on 3G certified by Microsoft, which gives the same experience on a mobile as it does on a PC," said Lew. Customers will either pay a flat rate of 95 cents per day or \$5.95 per month for unlimited messages.

Instant messaging is one of Optus' three "applications to give existing mobile users a reason to go to 3G and to stand us apart from our competitors", said Lew. The other two reasons are datacard application that roams seamlessly between 3G, 2G and WiFi hotspots (operated by Azure), and a revamped 'Zoo' portal giving mobiles real-time content, including TV and video, pushed to the phone's desktop.

Now called MyZooNow, the handset homepage was developed locally by Optus, Nokia and Bullant as a challenger to Telstra's use of iMode. "They (Telstra) made a strategic move with iMode and like or not they are stuck with it," said Lew. "...when you compare MyZooNow to iMode, it is much better and we don't have to pay royalties to a third party."

The 3G network itself is the first operational example of Nokia's Multi-Operator Radio Access Network (MOR-AN) technology, which allows carriers to share radio services while operating independently.

Optus shares its 3G network infrastructure with Vodafone. Using MOR-AN "allows us to share the hardware, but gives us great cost savings and segregation", explained Lew. "Each operator uses their own spectrum. It's not shared. Each operator sees only their part of the network."

The launch of Optus 3G network and matching applications provided welcome relief for the telco following the recent release of disappointing financial results. Lew acknowledged the carrier's "challenger position" in the 3G market. Hutchison launched its 3G network two years ago, Telstra followed in September and Vodafone in October.

Nicole Manktelow

## SEEN & HEARD:

**SBC CEO THREATENS INTERNET CONTENT PROVIDERS:** SBC CEO Ed Whitacre has certainly got tongues wagging with his implied threat to up the charges that MSN, Vonage, AOL and other content & service providers should pay to access last mile networks. This is what he told Business Week; "How do you think they're going to get to customers? Now what they would like to do is use my pipes free, but I ain't going to let them do that because we have spent this capital and we have to have a return on it. So there's going to have to be some mechanism for these people who use these pipes to pay for the portion they're using. Why should they be allowed to use my pipes for free?"

**TOO MANY TARGETS, ED?** In response, former IXTG CEO and now blogger Tom Evslin said "Whitacre's arrogance led him to take on too many opponents at once. He might have gotten away with considerable pressure on the VoIP providers. But he chose to take on Google, Microsoft, and Yahoo at the same time. Although these companies are just learning how to lobby, they have the money to do it successfully".

## Telstra to tie up with Hong Kong's New World

HK GSM carrier New World Mobile Holdings said on Monday it plans to announce a preliminary deal with Telstra-owned CSL to form a joint venture operator.

Reuters said New World had confirmed the plan but gave no other details after the local Chinese language Oriental Daily said CSL and New World Mobile would set up a joint venture company to be 75 percent held by CSL. It did not cite its sources. New World suspended share trading yesterday on the Hong Kong bourse.

The merged entity would be the largest mobile operator in Hong Kong, far outpacing Hutchison's operations. Although both CSL and New World have about 1.3m subs each, CSL is three times more profitable and would dominate the share register on valuation alone.

New World is one of two HK mobile operators without a 3G license and has previously indicated it wanted to link with one of the four—Hutchison, CSL, Smartone and Sunday which do hold 3G licenses. New World is owned by the HK property conglomerate of the same name, a major rival of Hutchison in that market. Sunday is being bought by PCCW, while Smartone may now be in the sights of China Mobile.

Grahame Lynch

## Budde reckons Telstra might cut 15,000 based on European trends

After analysts said last week that Telstra might slash some 9,000 jobs in this morning's strategic review announcement, one analyst—Paul Budde—said Telstra might now be aiming for 15,000—over one third of its workforce.

Telstra's new chief executive Sol Trujillo will host a five hour briefing from 8.30am today with analysts and media to reveal the results of his four-month examination of the telco.

Budde said around 15,000 jobs would have to be cut from the company's 46,000-strong work force if it was to maintain its profitability. Budde said telcos in the Netherlands, Sweden and Canada had provided important clues as to what would be necessary for an effective restructure of the company.

"For the last 18 months I have been talking of the need to sack up to 10,000 operational staff (at Telstra)," Budde said. "At that time, that sort of adjustment was made in some of the European carriers and now they - 18 months or two years on - are sacking another equivalent to what Telstra would need to do, another 5,000."

"Realistically this is the only way for Telstra to maintain its profitability, not through revenue growth," said Budde. He said Trujillo was now in a position to flag to the market that 15,000 jobs would be cut, of which 10,000 will go in the next two years.

Budde said operating costs could also be cut by between 40 and 80 per cent if Telstra is to be able to replace its old telecoms infrastructure. "That is one of the key areas that will be announced tomorrow, the level of investment that Telstra is prepared to put into it," he said.



AAP

## Broadband Phone signs on with Equinix

Equinix said Australian VoIP carrier Broadband Phone Limited has selected Equinix to provide colocation and network exchange services from the Equinix Sydney internet centre. As a part of the agreement, BroadBand Phone will util-

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ise Equinix's Sydney hub as the primary network interconnection point for the delivery of their wholesale VoIP services for retail and wholesale customers, including ISPs and service providers.

Equinix will now become the main interconnection hub for BroadBand Phone to exchange VoIP traffic and peer with other service providers, said Miranda Wong, Director of BroadBand Phone.

"This move will enable BroadBand Phone to enhance our service offerings to ISPs and companies who do not have a VoIP network, such as small businesses that want to host their dedicated IP-PBX within a carrier grade data centre. It also enables us to broaden services for ISPs or companies who run their own VoIP network by offering A-Z wholesale termination via SIP or H323, PRI and/or SIP trunks with DIDs from all major Australian cities at one single point of connection within Equinix's hub", Wong said.

Equinix said it now had 100 customers at its Sydney centre.

Staff reporter

## New voice recognition user group underway

A user group has been formed to promote the benefits of voice recognition self-service solutions for organisations operating large contact centres.

The Voice Leadership Group meets quarterly and focuses on business issues and processes around the adoption of voice self-service solutions and the use of biometric speaker verification to increase caller security and remove the need for customers to remember PINs.

According to a spokesperson, the group includes representatives from St George Bank, Tab Limited, the Department of Work and Income (NZ) and Studylink (NZ).

The group's latest meeting in Melbourne attracted over 40 attendees from organisations such as Telstra, NAB, Coles Myer, the ATO and Centrelink.

Jan-Marie Creighton, General Manager, Contact Centre for Work and Income and Voice Leadership Group Chairperson, said, "The attendance and interest levels demonstrated at each Voice Leadership Group meeting is a good indication of the focus that is being placed on understanding the business benefits that self-service solutions deliver."

Prior to November's meeting in Melbourne, the Group met in Wellington in July. "The Group was formed at the inaugural Voice Leadership Forum held in Sydney in March this year," said Paul Magee, Managing Director of Ve-Commerce Limited, the Group's Principal Sponsor.

Staff reporter

## WSIS Internet showdown begins tomorrow night

The World Summit on the Information Society starting on Wednesday is heading for a showdown over governance of the internet, amid attempts to shift the balance of power away from the United States.

Delegates from some 170 countries gathered in Tunis on Sunday to start a final attempt to break their three-year deadlock on the issue. The preliminary negotiations are not expected to be completed by the time the summit organised by the UN's International Telecommunication Union begins, a spokeswoman for the ITU, Sarah Parkes, and diplomats said.

The outcome could determine who eventually controls the technical and administrative infrastructure at the root of the internet, which allows the computer network to function seamlessly worldwide. Some officials fear the dispute could degenerate and eventually lead to the "balkanisation" of the internet, breaking it up into a series of unconnected rival networks.

At the moment the internet is administered mainly by the Internet Corporation for Assigned Names and Numbers (ICANN), a California-based independ-

## DIARY:

21-22 November 2005: **The Australian Telecommunications Summit.** The Australian Telecommunications market is on the cusp of major transformation. With major changes set to take place in the coming year, there are no clear predictions on how the industry will look by this time next year. IQPC's Transforming the Landscape of Australian Telecommunications conference offers a forum for learning, discussion and discovery into the fascinating future of this multi-billion dollar market. Visit [www.iqpc.com.au](http://www.iqpc.com.au) for more details

22-23 November 2005, International Association for Contract and Commercial Management in Sydney. **"Why are all buyers unreasonable and all sellers dishonest"** - Speakers include

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- Gillian Marks, General Counsel, Defence Materiel Organisation, Department of Defence

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ent body which is awarded the task by the US government on a renewable tender. ICANN was set up in California in 1998 when the internet boom was largely focused on the United States.

It is run by a group of free-spirited enthusiasts who were anxious to avoid regulation of the internet. However, the exponential growth of internet connections worldwide, and the web's growing economic and social importance, have prompted opposition to the US monopoly.

"The idea that the internet is an unregulated haven, these days are finished," a source close to the talks said.

ICANN assigns domain names worldwide. Although it has not tried to do so, it could be in a position to disconnect countries and disrupt communications for political or economic reasons, critics said.

Some officials also believe that the people behind ICANN have grown closer to the computer industry, and may face a conflict of interest when it comes to choosing one technology over another at the root of the internet.

In July, a US government advisory body said that the way the domain name system is run should not be changed.

"Given the internet's importance to the world's economy, it is essential that the underlying domain name server of the internet remains stable and secure," the National Telecommunications and Information Administration said.

US officials have refused to allow oversight to be handed over to the United Nations. Seven other proposals have been made in the talks running up to Tunis, with two other fundamental positions emerging.

Iran, backed by other major developing nations, wants a body "anchored" to the United Nations to have oversight over ICANN and other agencies, with an advisory role for industry.

The European Union is proposing a formula that would remove US political oversight over ICANN and replace it with a purely technical intergovernmental body -- though not necessarily the United Nations - after a transition phase. Governments, industry and campaigners would also gather in a separate "forum" to discuss other related issues, including "public policy", according to the text of the EU proposal submitted by the British presidency.

Peter Capella of AFP

## **NZ LOTTERIES GOES IP**

The New Zealand Lotteries Commission and Telecom NZ announced they have signed a four-year contract to have Telecom replace the NZ Lotteries' current data communications network with an IP network, linking its more than 800 lottery retail outlets. The system will service NZ Lotteries' retail network and provide the Commission with greater flexibility, said NZ Lotteries Chief Executive, Trevor Hall.

## **HUAWEI WINS IN GERMANY**

Huawei Technologies signed a letter of intent with Arcor, Germany's 2nd largest fixed network telecommunications operator, to provide a SDH Optical Transmission System.

## **LINKSYS HOSTED SME SOLUTION SET FOR 2Q LAUNCH**

Linksys announced the release of its Linksys One brand of communications solutions for small businesses. This new brand delivers a IP-based services platform that enables the delivery of a hosted communications solution. The Linksys One Hosted Small Business System is a solution hosted by Service Providers and sold, installed, and serviced by Value Added Resellers. Four have already signed on—IP Systems in Australia will launch from Q2 next year, while MCI, Airband and NeoNova will offer US services from Q1.

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