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TelstraClear plans HSDPA-based Triple Play service

TelstraClear has softly resurrected plans to enter the 3G market in New Zealand with the introduction of a HSDPA triple play service to be launched in the regional town of Tauranga next year, population 100,000. The carrier has committed to an initial NZ\$50 million investment in the wireless network which will operate on the 2100 spectrum band.

Branded 'Unplugged', the service will feature local, broadband and mobile services in a bundled service offering, however pricing or marketing details have yet to be revealed. The carrier was reticent to disclose plans for a national expansion of the network, stating that it had board approval for the Tauranga rollout, which it would concentrate on initially and "look at expanding into other communities," once the business model is up and running.

TelstraClear CEO Dr Allan Freeth said "we will be introducing proven technology that delivers phone calls, broadband, mobile and more. It will be simple, portable and easy to use and unlike anything New Zealanders have seen before." He said that, backed by the full support of Telstra and proven technology, "the investment has been under development for some time and the decision to proceed was aided by recent government announcements to improve competition in the telecommunications market."



TelstraClear is currently working on site acquisition for its base stations and is in discussions with Tauranga City Council and local community to guarantee deployment and service delivery within a year. TelstraClear will build base stations in the Tauranga area and a core network in Auckland. Exact coverage will be determined as sites are secured. The wireless network will link directly to TelstraClear's national fibre backbone and complement the existing fibre network in the Tauranga CBD.

NO TENDER YET: A vendor has yet to be publicly named for the rollout, but TelstraClear confirmed that no tender has been put out for the deployment and the outcome of current vendor discussions would be made public shortly. Sources suggest that it is highly unlikely that any other vendor would be handling the rollout other than Ericsson, which has secured Telstra's 3G business in Australia.

The timing of the 3G network launch is well synchronised with Telstra's national HSDPA 850 rollout in Australia, which aims to be commercially operational in most areas by this time next year. A spokesperson from TelstraClear would not be drawn on the possibility of trans-Tasman network link nor whether the New Zealand network would contribute to addressing the outstanding issue of Telecom New Zealand's loss of CDMA trans-Tasman roaming capability.

Sources close to the carrier claim that the once arctic relations between TelstraClear and Telecom New Zealand have been resuscitated in recent months, with discussions on 3G network sharing progressing in earnest. Insiders claim that despite Telecom New Zealand's public commitment to CDMA and recent intention to upgrade to Rev A, internally the carrier has resolved that there is no other option but to move to UMTS. Sources maintain the Telecom NZ was propelled into renewed talks by the failure to execute an agreement with Telstra on stemming the loss of trans-Tasman CDMA roaming and faced with competitive pummeling by Vodafone NZ and further regulatory intervention from the government is working on a more collaborative wholesale 3G approach.

Freeth said "we've been delighted with the government's recent decisions on broadband and

what they will mean in terms of an open market. ‘Unplugged’ shows we are prepared to invest, but not prepared to wait, when it comes to delivering something really different to customers.”

Natalie Apostolou

ACCC bolsters staffing levels

The Australian Competition and Consumer Commission has bolstered its staffing levels and finalised the restructure of its Telecommunications division which was instigated in March.

Under the new organisational structure, the Telecommunications group has been re-branded as the Communications Group to reflect its broader advisory role in relation to communications markets and in recognition of the emergence of new technologies. Leading the new group is general manager Michael Cosgrave, based in Melbourne. The group remains part of the Regulatory Affairs Division of the ACCC and will be staffed across Melbourne, Sydney and Canberra.

Cosgrave will oversee two new divisions; the Compliance and Regulatory Operations Branch, managed by Robert Wright and the Strategic Analysis and Development Branch, managed by Richard Home. Each group has three sub-section areas; the first featuring Compliance; Regulatory 1 and Regulatory 2 and the second; Operational Separation and Regulatory; Regulatory Policy and co-ord and Convergence.

The Compliance and Regulatory Operations Branch hold primary responsibility for the administration of the Part XIC telecommunications access regime, while the Compliance section is tasked with the administration of the Part XIB competition notice regime, including investigation of anti-competitive conduct, and breaches of standard access obligations; and investigations of allegations of non-compliance with Telstra’s operational separation plan.

The Strategic Analysis and Development Branch’s Operational Separation and Regulatory arm will deal with matters arising from the Telstra’s operational separation regime or the Telstra enhanced accounting separation regime in addition to industry reporting, price monitoring and numbering issues. The Regulatory Policy and Coordination Section will be the point of liaison with external government and industry stakeholders, providing strategic internal analysis and advice.

The Convergence Section will deal with emerging technologies issues including markets analysis, competition law and investigations in relation to content, media and applications services delivered over telecommunications networks; advising other areas of the ACCC on implications of convergent technologies in the context of mergers, adjudication and enforcement activities; strategy and business intelligence; advising other sections in Communications Group about the impact on existing communications markets, competition and access; and administration of access associated with the supply of broadcasting services.

Natalie Apostolou

Unwired deploys to 104,000 Melbourne homes

Unwired Australia has extended its network rollout in Melbourne, its second Australian city deployment. The carrier announced that it has doubled its coverage area in Melbourne reaching an additional 104,000 homes. Three new towers have now been activated in Brighton East, Cheltenham and North Melbourne.

The new sites are part of the second phase of Unwired’s Melbourne New areas covered by the network include Brighton, Brighton East, Brighton North, Elsternwick, Cheltenham, Cheltenham East, Cheltenham North, Garden Vale, Ripponlea, Bentleigh, McKinnon, Ormond and parts of Braeside, Keysborough and Waterways Towers in Melbourne CBD, South Yarra and South Melbourne went live earlier this year.

Unwired CEO David Spence said that phone line rental increases were driving consumers away from fixed home phones to alternative options such as cheaper capped mobile phone plans, and Unwired. “With Unwired broadband and a mobile phone, customers have a complete communications solution that they can use where-ever, when-ever they like,” Spence said.

He added that with the impending introduction of Mobile WiMAX, “we look forward to offering our customers’ a seamless transition to full internet mobility, including national and international roaming.”

Natalie Apostolou

Econet questions MED spectrum role

Econet Wireless has called for spectrum management to be placed under the New Zealand Telecommunications Commissioner at the Commerce Commission rather than be the responsibility of the Ministry of Economic Development.

Econet was among others attending a technical co-ordination workshop on spectrum management hosted by the MED in Auckland yesterday. Chief project director Tex Edwards said “the process of fine tuning spectrum co-ordination among a telecommunications duopoly is akin to tuning the music on Titanic whilst it was sinking. More fundamental change is needed. This is yet another example of self-regulatory failure. For 10 years the MED has failed to manage the natural resource of spectrum properly.”

Submissions on the recent discussion paper on spectrum management were sent out in advance to the attendees. These submissions indicate a range of views on regulatory involvement in spectrum disputes. Currently technical coordination is between players, with recourse to dispute resolution.

Telecom NZ says parties should be able to resolve issues themselves as that has worked in the past and each issue has its own circumstances. “Any prescribed solution will in effect attempt to anticipate rapidly changing technologies and their intended use, which is extremely difficult to do for the growing range of technologies employed in telecommunications.”

Telecom NZ says the Ministry should focus on facilitating the exchange of accurate information regarding use of frequency bands.

Woosh Wireless says the industry is best placed to settle its own disputes. “The fact that there have been a number of disputes settled to date shows that the Act can work to bring about agreed outcomes. We favour a “facilitatory” as opposed to a “regulatory role” taken by the MED.” BCL is also against more regulation. “We consider that any increase in regulation could hamper commercial development, and lead to undesirable economic risks. It may also not result in improved efficiency in the use of the radio spectrum resource.”

BCL says the answer to reducing coordination issues lies in tuning the auction process, requiring technical coordination in auction documents, creating minimum eligibility requirements for bidders, and early disclosure of planned use by auction winners.

Vodafone NZ sees a role for the MED in coordinating band managers of smaller players. It is seeking mandatory procedures that will flag potential interference issues at an early stage and for when the potential for interference exists, but not mandatory coordination in every instance.

TelstraClear is looking for a higher level of obligation using contracts or regulation if necessary. The telco says “a solution that promotes effective co-ordination between adjacent spectrum managers is required”. It agrees with a proposal that the MED provide a voluntary mediation service as a “competent neutral party”.

Richard Wood

ISPhone & Arrow sharpen SME VoIP quality

ISPhone Australasia has moved to improve the quality and reliability of its SME-focussed wholesale VoIP service, partnering with Arrow Voice & Data for the provision of broadband links.

A specialist provider of symmetric high speed digital subscriber lines, Arrow provides services to business customers throughout Australia’s capital cities. It promises 99.95% availability and maximum four hour fault restoration, factors that ISPhone says small and medium businesses will soon come to expect from their VoIP services.

ISPhone Managing Director Gavin McDougal said the arrangement “emphasised the importance of delivering a high quality service to the SME.” He added, “the partnership means that these smaller businesses have access to a reliable, high quality, high-speed VoIP service at a competitive price... Both ISPhone and Arrow are dedicated to delivering business grade solutions for the SME.”

Arrow is believed to have achieved significant success with its PowerTel resale SHDSL service and has a strong base of about 2,000 city-based enterprise customers on its books. It provides a full range of telecoms offerings, mainly sold in low-cost bundles.

According to Arrow Sales Director Brend Johnston, it is also looking to increase the quality of

services pitched at the small businesses. He said, "the SME represents around 99% of the businesses in Australia, and its time they had a high quality VoIP service that they can rely on. VoIP call quality is often lost as it travels over the ISP's broadband network. Many SMEs pay a business price and don't receive a business quality service."

ISPhone recently reported that it has 40 reseller partners and over 200 end-user customers utilising its white-label small and medium enterprise VoIP solutions. At the time McDougal said, "SMEs are recognising the value of VoIP and starting to understand the need for a business-grade solution."

Tim Marshall

New head for Optus Business market grab

Optus is set to launch itself further into the government and corporate market having spent twelve months establishing its service offering and now appointing a new Marketing Director to set it in train.

Aiming to be the country's leading provider of converged IP services by 2010, Optus has confirmed long-time employee Noel Hamill as its new Optus Business Marketing & Strategy Director. He has previously spearheaded acquisitions such as Ucomm, Alphawest, as well as the transformation and strategic review of the Optus Business division, and will now be responsible for marketing and product portfolios as well. He takes over from Paul Kitchin who has been shifted to the role of Optus Small & Medium Business Managing Director.

According to Optus Business Managing Director John Simon, "Optus Business has taken much of the last 12 months priming itself to take on the rest of the industry in the corporate and government sector, particularly where next generation technologies such as IP are concerned." He added, "Noel has extensive experience in the telecommunications industry and I am confident that the knowledge he has will stand us in good stead going forward."

Tim Marshall

Optus sets for D1 satellite launch

Optus has set a launch target for its new D1 broadcast satellite, eyeing a late September take-off from the Arianespace launch facility in French Guiana.

Originally slated for an early 2007 launch, D1 is the first of two birds planned to place the aging Optus B1 satellite and compliment the three-year old C1 that it co-owns with the Australian Defence Force. Optus spokesperson Simone Bergholcs confirmed yesterday that it has taken receipt of D1 from manufacturer Orbital Sciences Corporation and is now moving to launch mode.

"The Optus D1 satellite is scheduled to be launched in September 2006 from the Guiana Space Centre in Kourou, French Guiana via an Ariane 5 launcher," a statement said. It qualified that the launch schedule could vary depending on slot availability and atmospheric conditions.

With coverage of Australia and New Zealand, Optus' Ku-band satellites mainly provide broadcast services for the likes of Sky TV NZ and Foxtel. The new D-series birds are also expected to herald the arrival of new fixed communications services.

Confirmation of a September launch for D1 follows weeks after news that Optus will spend \$35 million to build a new technical station supporting its service offerings, including satellite. Scheduled for launch next year the facility will be the primary earth station for the D2 satellite, which is due to follow D1 into space in 2007.

Tim Marshall

ABOUT COMMSDAY:

Chief Editor: Natalie Apostolou
(Tel: 02 9261 5490, email: natski@magna.com.au)

Regional Editor: Tim Marshall
(Tel: 02 9261 5436, e-mail: tim@commsday.com.au)

Founding Publisher: Grahame Lynch
(Tel: +661 701 7664, e-mail: grahame.lynch@gmail.com).

North American correspondent: Patrick Neighly (e-mail: pneighly@madyakpress.com)

Asia correspondent: Geoff Long
(e-mail: geoff.long@gmail.com)

Consulting Editors: Pip Bulbeck (Media), Mike Pickles (Mobiles), David Haselhurst (Finance), Richard Chirgwin (Networking).

Subscriptions & Administration: Sally Lloyd. (Tel: 02 9261 5435, e-mail: sally@commsday.com.au)

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B Digital plans retail “rationalisation”

B Digital has completed the acquisition of B Shop Telecommunications from dealer Array Telecommunications, flagging a strategic review and possible “rationalisation” of the loss-making retail operation.

Having already held 50% of the B Shop business, the acquisition yesterday sees B Digital take control of 35 retail telecom outlets in major shopping centres throughout metropolitan NSW, Queensland, Victoria, South Australia and Western Australia. The buy includes all leases, the fixtures and fittings in the shops and mobile telephone handset inventory.

B Digital CEO Michael Simmons said yesterday the company was aiming to “eliminate” the negative contribution B Shop currently makes to the company. He flagged a “strategic review and rationalisation of operations” following completion of the deal.

Tim Marshall

Fiji preparing liberalisation policy

The Fijian government is preparing a market liberalisation policy in a bid to increase the quality and availability of telecom services.

Speaking at an Asia-Pacific Telecommunity forum in Suva this week, Fiji Information and Communication Minister Isireli Leweniqila said that while there were a number of “complex issues” yet to resolve, the government remains committed to market reforms. He said the government aimed for a more dynamic market providing a better range of services, more coverage and cheaper access for the community.

“The key components in the transition are new policy directions for telecommunication, a draft Bill being finalised and a road map for liberalisation,” Leweniqila said. “Fiji’s telecommunication policy sets the stage for a liberalised, competitive market structure, taking advantage of changing technology and a modernised legal and regulatory framework.”

While not specifically mentioning the Vodafone Fiji’s current bid to prevent the entry of new players in the country’s mobile market, Leweniqila made it clear that new players would be needed to improve service. As reported by the Fiji Times he highlighted the “introduction of competition, increasing the number of operators and abolishing exclusive rights” as key issues now in focus.

An attempt by Vodafone Fiji to block the launch of newly licensed Pacific Connex and Digicel in the mobile market will be heard by the High Court on July 24.

Tim Marshall

DISTRIBUTOR INCREASES WESTEL ORDER

IC2 Global was crowing about a new order placed with its Westel Wireless Systems subsidiary yesterday, US distributor Icom America significantly increasing its usual batch order to meet new demand. Where Icom has regularly been ordering in batches of five or six base stations since its appointment last October, IC2 says the company has just placed an order for 20 units worth a total of over \$200,000. It added that recent manufacturing improvements meant Westel would complete the order this quarter. An IC2 statement said, “since its appointment last year, Icom has been steadily signing dealers in the USA as digital dealers, authorised and trained to sell its range of digital public safety communications equipment. This range includes its own APCO P25 handsets and mobile radios, together with Westel compatible P25 digital base-stations and repeaters.” It said the products were being sold to agencies such as police, fire brigade, ambulance and homeland security.

Comment by Grahame Lynch



Local government: the dark horse of telecom investment

Yesterday we released our CommsDay SPAN Awards short listed nominations for the most worthy companies and individuals in the industry. There’s one name that wasn’t on it, but if you wanted to name somebody as the person who has done the most to change the direction of the industry this year it is one Barnaby Joyce.

It was Mr. Joyce who negotiated, as his price for agreeing to the final Telstra sale, a \$3 billion telecom package - \$1.1 billion upfront and the rest generating interest that may guarantee a \$200

million revenue stream of annual federal subsidy for telecoms into the future.

Transformed via the wonks at DCITA and the Communications Minister's office, this fund pool has been presented as seed capital for others to match. The result is that utilities, state governments and local councils are all now entering the sector *en masse*, promising their resources, facilitation capabilities, existing assets and, significantly, their custom to create alternatives to the mainstream commercial carrier community.



We reported on the largest of these projects on Tuesday – the SE Queensland project across 18 councils and nearly 3 million people to build a largely government funded 50Mbps network. This builds on an existing state government initiative to build such a network in Brisbane.

Now while Monday's press announcement didn't confirm this, Communications Day understands that the 18 SE Queensland councils intend to match any Federal funding they get dollar-for-dollar. With the state government involved as well, there is a potentially large pot of initial capital to get this idea off the ground.

Then you have the collaborative approach being pushed by Utilitel, Paul Budde and Silk Telecom – their motto: we already have some of the backbone you need. Come join with us and link into it. Such an approach obviously will work in favour of some of the smaller projects out there. One good example is Hervey Bay Council's push to create a fibre optic network for its dominion, with the selling point that it will offer capacity into Brisbane for the cost of a local connection. Of course, the entry of utilities, state and local governments into telecom provision – with or without market failure – is not without international precedent.

PRECEDENTS: According to the website MuniWireless.com, there are already 59 citywide municipal broadband networks, 32 municipal city Wi-Fi hotzones, 35 municipal only broadband networks (as in no public users) and a further 121 planned networks in the United States alone. Other cities building or operating government-managed public broadband networks include Taipei, Amsterdam, Westminster (London) and Toronto.

Naturally, the entry of governments into direct broadband provision is not without its critics. Across the US, telcos have actively lobbied state governments to ban municipalities from their participation in the sector – using the argument that such investment undermines the private sector. That argument has merits in some locations, arguably the larger cities such as Philadelphia, Orange County and New York City aren't suffering from market failure. One project that is particularly criticised is San Francisco's idea to offer free broadband of a fairly modest speed and capability - what critics describe as Internet for the homeless! These lobbying efforts have been partly successful – nearly a score of US states have legislated some form of restrictions or prohibitions over municipal broadband.

UNLIKELY IN AUST: The US controversy is unlikely to be repeated here. For a start, US state governments are heavily in thrall to the telecom sector as they play a major price regulatory role over it. They are, thus, more sympathetic to telecom sector grievances regarding investment incentives than their Australian counterparts (and more captive to the influence of lobbyists). And of course, Australia lacks something that the US enjoys – a ubiquitous cable/PSTN duopoly. Australian local councils, specifically in regional centres, have strong incentives to lessen their reliance on the Telstra teat, especially when it comes to their own specialised telecom requirements.

Of course, local governments don't fancy themselves as knowledge specialists on broadband provision. They outsource this to private enterprise. The US experience has been to massively diversify the types of players involved in broadband provision management. Not only do you see traditional ISPs, carriers and systems integrators but also specialist wireless broadband vendors and IT giants such as IBM, Intel and Google. Locally, the only strong voice of opposition to the subsidised telecom push so far has been Telstra, which argues that much of the spending may simply duplicate existing infrastructure and encourage unsustainable network operations. Optus has made similar noises, albeit in a much more low-key fashion.

So thankyou Barnaby! The price for his vote has potentially leveraged a couple of billion dollars into new telecom investment, courtesy of taxpayers, ratepayers and the lucky souls who buy shares in T3. DCITA apparently has 60 proposals before it to access over \$800 million of funds. Welcome to the utility age of broadband.

Grahame Lynch