

AXIA AT COMMSDAY
CEO Art Price says
FTTN will merely delay
the move to full fibre

THE GREAT DEBATE
Telstra, Optus and
Primus duel it out at
CommsDay Congress

ALCATEL LUCENT
New CEO sees stormy
times ahead for global
telecoms industry

COMMUNICATIONS DAY

WEDNESDAY 1 OCTOBER 2008

ISSUE 3367

Telstra says international experience shows NBN need not be a monopoly

Telstra Wholesale's group MD has bullishly claimed that only Telstra can build the planned National Broadband Network, while brandishing international case studies to back the telco's stance that infrastructure competition could be a reality in an NBN era.

Delivering a keynote address at the CommsDay Melbourne Congress, Kate McKenzie also repeated calls for 'regulatory certainty' and assurances that investments would be protected from excessive regulation, which she said could actually deinceivise potential competitors from channeling their resources into infrastructure such as cable networks,

"The reality is, Telstra probably is the only company capable of building a National Broadband Network," said McKenzie. "Telstra is absolutely committed to an open access network, but for this to happen, we need regulatory certainty and an assurance that arbitrary and capricious intervention from the regulator doesn't kill the investment – including an assurance that the structural separation of Telstra is ruled out."

Looking to the US, Mackenzie said that both Verizon and AT&T had "begun to roll out next generation networks on an extensive scale – after the Federal Communications Commission withdrew unbundling regulation which applied to the new build."

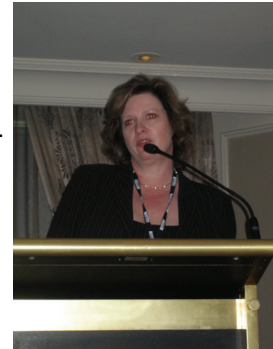
The two fibre networks, she said, now passed millions of consumers and had clearly increased competition; she cited a number of cases in which cable operator Comcast had responded to Verizon's deployment by matching the service speeds the carrier was offering over fibre. "What we are seeing is that FTTN investment is a catalyst for competition," she noted.

McKenzie painted a similar picture of the effects of infrastructure competition in the UK market. "Virgin Media's announcement that it was upgrading its HFC network to DOCSIS 3.0 finally motivated BT to announce a partial FTTN rollout – provided that it can get the right regulatory settings," she said.

She added that Telstra saw the BT separation process as a 'disaster' in the UK, citing implementation costs now exceeding \$206 million, OFCOM's finding that service qualities had failed to improve, and Britain's slide to 22 in the OECD's top 30 countries for maximum broadband speeds.

ULL HINDERS COMPETITION: But McKenzie went on to warn that access regulation could have a strong disincentive effect on investment by new entrants – saying that Optus' use of regulated services, particularly ULLS, within its HFC footprint was an example of this problem. "We do not see, within Australia, the speed war between cable and copper-based networks that is currently occurring in the UK and the US," she said. "Learning from the US and the UK - as the UK regulator OFCOM puts it – competition at the deepest level of the network should remain the main game in an NGN world and poorly designed regulation can kill off competition."

"The markets where next generation networks are going ahead are those in which regulators have recognised the need to have rules that encourage investment," she concluded. "There are plenty of lessons to be learned from overseas experience, [although] not all of that experience translates to our unique environment in Australia. I think the lesson out of all of this is you do have to be careful what you wish for – because ultimately it might not be what you want."



Petroc Wilton