

gional hubs against local incumbents.

Telstra public policy and communications director David Quilty said the move will improve business certainty overseas – but noted work must be done to open up many ASEAN markets.

“Australia’s telecoms market has been open to foreign competitors for over a decade. Consumers and businesses benefit from vigorous competition between many of the world’s leading telecom operators, here in Australia.”

The company is pushing for greater liberalisation of telecoms markets in future versions of the agreement as well as in ongoing China FTA negotiations, and the Doha Round of the WTO.

Macquarie Telecom government and regulatory affairs executive Matt Healy (right) told CommsDay Macquarie had worked with the Department of Foreign Affairs and Trade as well as the international branch of the Department of Broadband, Communications and the Digital Economy to get telco provisions incorporated in FTAs.

“Just as other operators invest in our market, there needs to be reciprocal arrangements that allow Australian companies to do business elsewhere,” he said. “To enshrine that and provide certainty of investments and minimise risks... FTA’s have a great role.” Healy is also hoping for “more work to be done” on an agreement with China to include telco provisions.



Macquarie has benefited from the Singapore FTA and is now, on some rankings, considered the third largest business carrier there.

Pacnet CEO Bill Barney told CommsDay it was “hard to say” how the FTA would affect its business which spreads across Asia. “The markets are largely liberalised today, it may open up some of the south-east Asian markets a little bit,” he said. “Australia today is a very open market for operators – you have a very good regulatory environment, believe it or not. Compared to anyone else in the region, maybe with the exception of Japan... Australia’s one of the easier regulatory environments.”

Verizon Business ANZ director Ron Gauci told CommsDay he hoped the agreement would make it easier to business across the spread of countries. “Because Verizon is a global player... ease of doing business is the most substantial economic issue on the agenda,” he said. “It eases the nature of our business... for us, we look at efficiencies in processes... addressing tax regimes, currency issues etcetera.”

The AANZFTA is said to be the largest free trade agreement signed by Australia, and opens up trade to a market of some 600 million people.

Luke Coleman

## **Optus joins Naked trend, adds fixed-mobile bundles**

Optus has plunged into the increasingly popular naked DSL market and added an option to bundle fixed broadband and mobile phone services that it hopes will differentiate it from competitors. The move comes as the telco prepares to move some local access resale customers onto plans with increased line rental charges and to increase resale DSL access fees, citing market pressures and low margins for these services.

Optus joins a growing roster of providers offering naked services, from Internode and iiNet to GoTalk and more recently NetSpace. The firm is offering a \$10 discount and waiving setup fees as an enticement to customers taking the mobile and broadband package.

“We obviously saw a growing demand from customers to either have unbundled DSL or bundle it with their mobile... we’ve always offered a standalone (broadband) plan on our cable network, but we’ve never bundled it with mobile before,” an Optus spokesperson told CommsDay. “We’re a full service provider, so if customers want to have standalone they can – or they can get \$10 off by bundling it with mobile.”

Warren Chaisatien, research director at Telsyte, cast Optus’ play as a way for the telco to shore up its threatened mobile position with its stronger fixed-line assets. “DSL is still strong, however it has been recently cannibalised by mobile broadband, which is very cheap now,” he said. “In the mobile market, Optus, we know now, is in the most vulnerable position... because Vodafone and Hutchison are joining to take them on. In the 3G market, the merged entity would be ahead of Optus by a wide margin. In the fixed line consumer side, [Optus] still have a very respectable market share – so having been weakened in the mobile market, this is their way out to strengthen the fixed

line broadband market in the home.”

“I think the initiative and the direction is laudable – however, pricing may be a key factor that they will have to closely monitor,” concluded Chaisatien.

Optus has also announced that line rental charges for some off-net fixed line customers will be ramping up to \$57 per month from 15 March. Though this includes unlimited standard local calls, the move has antagonised some customers who make limited use of landlines. Additionally, resale DSL customers will see \$2 to \$10 added to their monthly access fees from 15 April. “These changes are in response to market pressure,” the spokesperson told CommsDay. “local access and DSL resale are low margin businesses with almost all of the revenue being paid to Telstra.”

Petroc Wilton

## Telstra divests itself of KAZ for \$200 million

After more than a year of negotiations, Telstra has finally settled on a \$200 million price tag for the sale of KAZ, its IT services arm, to Fujitsu. Still subject to regulatory approval, the deal will allow Telstra to divest itself of a business that it says is no longer a core element of its strategy, while catapulting Fujitsu to the position of the third largest IT company in Australia by revenue.

The news follows the sale of the KAZ group’s superannuation business Australian Administration Services to Link Market Services in August 2006 for \$215 million, and of KAZ Business Services, KAZ Software Solutions and Enhanced Processing Technologies in July 2007 for \$2 million. Telstra, which originally bought the KAZ group in 2004 for \$330 million, had just declared a 20% dip in IT services revenues – to which KAZ was a major contributor – for the half-year to 31 December 2008.

Telstra enterprise and government group MD David Thodey said Telstra was selling KAZ because it no longer considered ownership of an IT services business to be a core part of its strategy. “Telstra will continue to deliver centralised network services to our customers through our Network Enterprise Services business... we will also continue to look for opportunities to work with Fujitsu in the delivery of IT services,” he said.

Petroc Wilton

## iiNet hopes for backdated payout on WLR

As the Australian Competition and Consumer Commission continues its review of fixed line wholesale pricing, iiNet MD Michael Malone hopes that the process will see the firm’s longstanding access dispute over wholesale line rental resolved – and that iiNet will receive “significant backdated credits” from Telstra as a result.

“The [ACCC] view has suggested that new prices will be based on a cost-plus basis, as opposed to the interim approach of retail minus,” said Malone. “iiNet believes that wholesale line rental

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