

Federal Budget of approximately \$4.7 million over four years to enable the expansion of the AISI to all Australian ISPs wishing to participate. IIA says that 68 ISPs have joined the AISI programme, and some 10,000 compromises are being detected every day.

Members of the public can respond to the draft code by posting their comments and suggestions to securitycode@iia.net.au by Friday 30 October.

Telstra counters rivals' letter to ACCC chairman

The ACCC has a formal process for accepting commentary on its draft decisions, but the major telcos are bypassing this with direct appeals to the ACCC's chairman, Graeme Samuel.

Last week The CEOs of seven of Telstra's fixed line competitors - Netspace; Macquarie Telecom; Optus; iiNet; Primus; Internode and TransACT - wrote to Samuel warning that the ACCC's recently published indicative prices for fixed line services, if implemented, would lead to a significant increase in prices of services to end users (ExD 14 Sept).

Specifically, they were concerned about the cost of the unconditioned local loop service (ULLS) which is becoming increasingly popular with competing telcos who want to provide both broadband and voice services from their own exchange-based infrastructure. This is the only one of the six services for which the ACCC is proposing price changes. Prices for all others would decrease under the proposed pricing principles. However their letter did not make this distinction.

Telstra has now written to Samuel to set the record straight. In the letter, David Quilty, Telstra's group managing director public policy and communications, says: "The letter [from the seven rival CEOs] provides a narrow view of the issues in the [the ACCC's draft pricing principles] and the seven carriers have selectively highlighted the one proposed price change that negatively affects them...The ULLS [unconditioned local loop price is the only service that the Commission proposes to increase and Telstra considers that gradual increase will still fall short of full cost recovery."

ULLS price in regions would be halved

In addition to changing prices, the ACCC is proposing changing the pricing zones for ULLS from four - CBD, metro, regional and rural - to just two, measured by rather different parameters, and according to Quilty this would mean that the price for an unbundled local loop service price for regional towns would reduce to almost half its current level. However prices in major cities, where the bulk of

ULLS services are located, would rise significantly, and would lead to significant price increases for broadband services, the rival carriers claim.

Quilty adds that: "The OECD found that current regulated prices in Australia are amongst the lowest in the world for the unbundled local loop service and line sharing service. This is anomalous, given that among OECD members Australia has the equal lowest population density, one of the most uneven and dispersed population distributions, and the equal highest proportion of access lines in very low density areas."

He promised that Telstra would elaborate its position in its formal response to the ACCC's draft pricing principles.

VHA close to being Australia's number two mobile operator

VHA, the mobile operator formed from the merger of Vodafone Australia and Hutchison Australia, has overtaken Optus in 3G customer numbers, has the highest monthly per customer revenue of any of the three operators and is neck-and-neck with Optus on overall revenues, according to market researcher, Telsyte.

Telsyte put VHA ARPU for the six months to June 2009 at \$47.50, ahead of Telstra at \$45.60. Telsyte analyst Gary Tsang told iTWire that VHA's market leading ARPU was largely the result of a focus on postpaid subscribers, in contrast to Telstra, which has grown its prepaid subscriber base significantly in recent months.

However, Telsyte said that all players, including MVNOs as a group, experienced a year-on-year ARPU rise, thanks to Australians' growing love affair with non-voice services, which now make up well over one-third of their mobile bills.

"Telstra's prepaid subscriber base was up 8.9 percent in the six months to June and now accounts for 35 percent of total," Tsang said. Also contributing to VHA's ARPU lead was the relative low percentage of 2G customers (Hutchison brought only 3G to the joint venture) that generally have lower ARPU than 3G. "Also, Hutchison never had a strong focus on prepaid," Tsang said, adding: "VHA has actually lost numbers in the past six months. They changed reporting after the merger and took out a lot of inactive users that Vodafone used to report. "

Vodafone switched from pushing prepaid to postpaid around the end of 2005. Vodafone's head of corporate communications, Greg Spears, told *Exchange* at the time that the company had done this

because "People really like those zero dollar handsets, and the only way we can offer those is on contract."

Telsyte research director, Warren Chaisatien, said the research had found a market little impacted by the recession. "The market continued to show no sign of abating, with one million new mobile users added, taking the total number to 24.5 million or 113 percent of the population. Mobile broadband, the rapid migration of 2G to 3G, and the Apple iPhone were notable contributors that drove half-year service revenue to enjoy double-digit annual growth."

Tsang said the over 100 percent penetration was the result of people having USB dongles for broadband in addition to their cellphone and, increasingly, machine-to-machine communications. "As mobile commerce takes off there will be a lot more machine-to-machine, we are seeing it start to take off but that is just the tip of the iceberg."

With the Australian and global economies starting to show signs of recovering, Telsyte is forecasting that the local mobile market will remain very strong. It estimates the number of mobile users will reach 25.3 million by the end of 2009, 116 percent penetration, and 30 million, 129 percent penetration in 2013.

Service revenue, meanwhile, is projected to grow at an average annual rate of 6.4 percent to reach \$16.8 billion in the next four years, with non-voice revenue exceeding voice revenue as early as 2011.

NBN Co's top execs named

The NBN Co has named five senior executives, all with strong backgrounds in various aspects of telecommunications: Christy Boyce (head of industry engagement); Greg Willis (head of program delivery); Jean-Pascal Beaufret (CFO); Kevin Brown (chief human resources officer & head of corporate services) and Tim Smeallie (head of commercial strategy)

{mosloadposition stuart} Boyce was previously a principal at McKinsey & Co where she was a co-leader of its telecoms practice and managed many large, complex strategy issues for a range of corporations.

Willis was most recently general manager programme delivery at Coles where he oversaw a major cost reduction programme. From 1999 to 2004 he held a number of senior executive positions at Telstra, including chief of retail and distribution and executive director, broadband & online services. He has also held CEO and senior operational roles at other organisations, where his responsibilities included managing the rollout of major infrastructure, including Pay TV. He will be responsible for

managing the programme delivery of the National Broadband Network.

Jean-Pascal Beaufret was a director and CFO at Alcatel and later Alcatel-Lucent from 1999 to 2007. He is a former senior official in France's Ministry of Finance and served as deputy secretary of the Treasury and head of the Tax Administration.

Brown was executive general manager, people at Qantas and a member of its executive committee before stepping down in early 2009. Before joining Qantas in 2001 he was the head of Asia-Pacific business development at Nortel Networks and before that global head of human resources for Nortel's Enterprise Networks division based in San Francisco.

Smeallie was telecoms industry analyst at Citigroup until November 2008 when he left to found Numerico Advisory which specialised in strategic planning and investment analysis to the telecoms and media sectors. He will be responsible for the formulation and direction of NBN Co strategy and planning, including identifying critical issues, acquisition opportunities and business case validation.

Gov't response to international roaming enquiry offers little

In early 2008 Atug launched a campaign against excessive and largely unexpected international mobile roaming charges. There was a parliamentary enquiry and several recommendations for government action. Government has now tabled its response offering little that is likely to see prices come down.

The House of Representatives Communications Committee launched its enquiry into international mobile roaming in June 2008, promising to look at: whether retail international mobile roaming charges reflect the underlying costs; whether the information available on international mobile roaming costs are adequate; whether new technologies and commercial initiatives will reduce international mobile roaming charges; and whether consumer information on international roaming is adequate.

Its report was tabled on March 19 2009. It contained five recommendations:

- (1) That the Australian Government pursue a policy of regulating the framework for the wholesale cost of roaming through bilateral and multilateral negotiations with other countries;
- (2) That the ACCC introduce reporting requirements for international mobile roaming services on Australian providers;
- (3) That the ACMA facilitate a meeting of the Communications Alliance to discuss the