

Telcos angry that NBN Co. could compete against Telstra

Thursday, 25 February 2010 10:27

Patrick Stafford



The telecommunications industry has spoken out against the draft legislation for the National Broadband Network announced yesterday, saying the network could potentially compete with Telstra and other wholesale businesses.

The Government, and Conroy, have previously emphasised the NBN will be purely a wholesale company with the legislating stating it cannot sell eligible services to another party unless that party is either a carrier or service provider.

However, the legislation also states the communications minister can exempt any service from the wholesale-only provision "subject to conditions specified by the minister".

Additionally, if that exemption is then made, the NBN will be able to provide wholesale access to "certain end-users, for example, government agencies".

This has caused protests from the industry and the federal opposition, as Telstra often sells telecommunications services to government departments.

"It's starting to look like wholesale only is a misleading and deceptive term," opposition communications spokesman Tony Smith told The Australian. "Far from providing clarity, the minister has once again delivered uncertainty."

An Optus spokesperson also said the company was concerned about the provisions in the bill allowing the NBN to enter the retail market, while AAPT chief executive Paul Broad said the legislation countered the previous promise of a wholesale-only network.

"I had always worked on the assumption government departments would buy telecommunications services according to their needs rather than government direction," he said.

The legislation states the communications minister must seek the Australian Competition and Consumer Commission's approval under these circumstances.

Telstra is currently negotiating with the Government regarding the use of its network for the NBN, but it is suspected this new provision could cause some problems for the discussions.

But Ovum research director David Kennedy says the industry shouldn't get too carried away in resorting to worst-case scenarios.

"The first thing to keep in mind is that this is purely an exposure draft, and there is absolutely no guarantee this will appear in the final legislation. Given this morning's reactions, it's quite unlikely."

"It's also wrong to interpret this as a threat to just Telstra, because it's really a threat against anyone who works in the market, potentially, and the Government's mistake here is to float the idea of such a power without any clarification."

But despite the warnings, Kennedy says analysts shouldn't jump to the wrong conclusions and should instead call on the Government to clarify its position.

"People are naturally putting the worst interpretation of it. The Government should clarify the purpose of this ruling, and then consider whether that reason is good enough."

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Emilie Ditton, senior analyst at Telsyte, agrees that the industry should be patient and not jump to the worst conclusions.

"I think the Government is putting forward possibilities and communicating with Telstra through the legislation and setting up the basis for an investigation. The Government needs Telstra to be a part of this, and this could be part of that."

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