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NZ FIBRE ROLLOUT

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COMMUNICATIONS DAY

THURSDAY 17 SEPTEMBER 2009

Australasia's telecommunications daily, founded 1994

ISSUE 3599

Telstra still looking for 'win-win'

Telstra is still seeking a "win-win" with the federal government even under the threat of functional separation. Just a day after new legislation was unveiled which will see Telstra either functionally or structurally separated as well as putting its HFC and Foxtel stake at risk, Telstra NBN engagement director Geoff Booth said the company will continue to engage with the government over its role in a national fibre rollout.

Booth said Telstra's vision for a national broadband network "is a vision which is framed in an ever-changing environment. Obviously the biggest indicator of the changing environment was yesterday."

"We are looking for a win-win," Booth said. "We've said it from that start, it's genuine, and there is no 'smoke and mirrors' here. We've been doing the modelling, we've been doing the work, we're looking for a way to make this work so that there are winners across the entire gambit... I don't think, personally, yesterday changes that a great deal."

The legislation is set to offer Telstra numerous options – 'voluntary' structural separation may allow it to keep its HFC network and Foxtel stake, as well as allowing it to bid in future spectrum options. Should Telstra not structurally separate, the legislation allows the government to enforce functional separation and force the divestiture of its HFC network while blocking Telstra from spectrum auctions.

Booth re-stated CEO David Thodey's position that shareholders remained "central" to all NBN-related decisions: "We'll take the option that keeps our shareholder value... We have no choice," he said, later adding: "The first hurdle we have to pass is the shareholder. We want to be part of it, and it can all be great, it can sound great, but that's where we have to get to first as a corporation."

While describing the NBN as "fundamental" to the development of new ICT applications, Booth said other technologies should not be forgotten. "I think it's also very, very important that we recognise the role that other technologies, other networks, will play. Wireless networks, undoubtedly," he said. "As game changing as high-speed fixed broadband into the home will be, the ability to take those broadband speeds on the road is just ground-breaking. Wireless will compliment FTTP and it will certainly play a role, we believe, in the [last] 10% [of the population beyond the reach of fibre]."

Communications minister Stephen Conroy was also spruiking the legislation as a potential 'win-win' on Radio 5AA in Adelaide. "This will be a tough negotiation, but it's one I believe can lead to a win-win," he said. In an appearance on Sky News, the minister said Telstra appeared to be taking a new stance towards the NBN under its new management. "Telstra are engaged in very constructive discussions with us at the moment, and they've been ongoing for some time, we won't be speculating about what's in them or how they're proceeding, but I think it's important to note that Telstra have – since the change of leadership, are taking a very constructive approach."



Luke Coleman

New legislation to go before Senate Inquiry

New legislation which will impose strict new rules on Telstra is set to go before a Senate Inquiry. In a move anticipated by the federal government, Greens and Liberal Senators both backed putting the legislation before the Environment, Communications and the Arts Committee – with the hope of creating a final report in just over a month.

"The Australian Greens welcome the government taking the first step to address the fundamental problems resulting from the privatisation of Telstra, however we also wish to ensure that these changes produce the best result for Australians," Greens communications spokesman Scott Ludlam said. "Given the government's Bill represents the biggest regulatory change to the industry in years, this Bill deserves careful scrutiny – it is essential we do not repeat past mistakes that resulted from privatisation.

It is understood that the Greens proposed reporting date for the inquiry is October 26.

"In particular, the Greens are determined to ensure that regional and remote communities and people with a disability are not overlooked in these changes," Ludlam said. "By referring the Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Bill 2009 to a Senate inquiry, the Greens aim to

ensure that both options offered to Telstra for separating its retail and wholesale arms will fulfil the commitment to achieving open access, increased competition and better services.”

Shadow communications minister Nick Minchin said the federal government was “blackmailing” Telstra with the legislation. “All [the government] cares about is blackmailing Telstra, so it is left with no option but to hand over its copper network and relinquish all its fixed line customers to a Government controlled NBN,” he said. “This objective is further highlighted by the government’s threat to stop Telstra acquiring spectrum and thus to restrict its capacity to bring online new high speed wireless broadband services, in a highly competitive sector of the market where it has a less than 50% share.”

Luke Coleman

Telstra & Paul Budde get trans-sectoral together

Telstra hopes the industry “animosities” of the past will fall away under the “blue sky” of the national broadband network. At a roundtable event organised by industry advocate Paul Budde, Telstra public policy and communications director David Quilty made a speech on “Opportunities for industry cooperation,” asking how the sector can come together for a common cause.

Quilty (right) said the federal government’s proposed model of a structurally separated, wholesale-only NBN would see Telstra find a new camaraderie with its former foes. “We take that absolutely on face value and that is the way it’ll be,” he said, regarding a structurally separated NBN. “And as a result, it’s my strong view that a lot of the traditional animosities in our industry are falling away and will fall away virtually completely with the advent of the NBN. At the end of the day, in terms of a fixed network, whether we’re Telstra, whether we’re Optus, whether we’re others... we will be access seekers.”

“In terms of the NBN, we will be looking to find an environment in which our businesses can really prosper. As access seekers to the one fixed network, we are mutually interested to ensure that it has the best possible capabilities,” he said.

Quilty said the telecoms sector has to work together to build demand for NBN services. “The challenge we have is if we’re going to get some serious reform in these areas [e-health, ICT development, new online services] we have to do a lot better in terms of a sector, coming together and actually demonstrating at a high level what we can offer.”

Telstra has clashed with Budde on numerous occasions in the past, even describing him as the company’s “greatest critic.” But all seemed forgiven at yesterday’s trans-sectoral event, with Quilty and Budde even sharing the stage as the Telstra exec discussed how the NBN would be funded. “We don’t always agree, as you know, Paul,” Quilty said, leading Budde to throw an arm around Quilty’s shoulder and add “Now we are friends!”

Budde noted that he had clashed with economists over how much NBN services would cost, saying calculating the costs was “something we haven’t done very well.” Quilty said that as with any major government decision, the NBN would have to go through the departments of Treasury, Finance and the Prime Minister, saying “they’re not going to do things on a whim, they will obviously get some serious economic analysis done.”



Luke Coleman

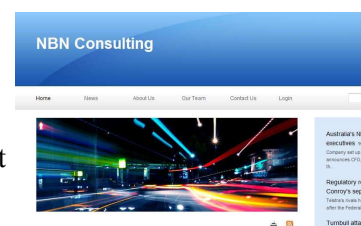
.. as Budde & DEIWG associates form NBN consultancy

A new consultancy firm has launched with a sole focus on ventures related to the federal government’s national broadband network plan. Under the company name of ‘National Broadband Consulting’, the organisation has the mission of becoming “the interface between the National Broadband Corporation and access to the network,” hoping to offer services to the likes of asset owners, property developers, content service providers and private/public partnerships.

The consultancy includes industry advocate Paul Budde among its ranks, along with Chris Worrad, who operates alongside Budde in the Digital Economy Industry Work Group.

Other listed as NBN Consulting team members include FTTH architecture consultant Robin Eckermann, regulatory and network engineering consultant Paul Brooks, operational risk consultant Chris Allanson, organisational systems consultant Laurence Lock lee, energy expert Paul Hamilton, IT services consultant Maurice Hibbert, consumer advocate Ryan Sengara, network topology consultant Carl Gazia, and corporate and government specialist Jim Facey.

“Our primary focus is the National Broadband Network,” the outfit’s website [www.nbnco.com.au] reads. “We apply expertise in telecommunication regulation and technology to establish an interface consultancy to deal with a range of NBN interested entities such as telecommunication asset owners, property developers,



content service providers and government agencies.”

“NBN Consulting believes that independent governance is vital to the future success of the NBN. Our team of specialists provide expert assessment of the governance component of any NBN-related venture.”

Luke Coleman

New Zealand sticks with local fibre company approach

New Zealand ICT minister Steven Joyce (right) has released the final detail on his government’s \$NZ1.5 billion broadband proposal – and he’s sticking with its regionally based approach and rejecting Telecom’s alternative. A Crown Fibre Holding company will oversee the establishment of local fibre companies that will roll out fibre networks to 33 coverage areas.

Each LFC will be a private-public partnership. LFCs will be expected to initially roll out fibre infrastructure to all main businesses, commercial centres, hospitals and schools in its region. Each LFC can provide Layer 2 services, however they will be expected to provide dark fibre to any company that wants it at the same terms and conditions.

Another change in the proposal is that the fibre architecture, previously restricted to point-to-point, can now be PON which enables many premises to be served on one fibre connection if it can be proven this allows for future competition and capacity.

The CFH company will be in operation by next month, with a board appointed. It will report directly to its shareholding ministers – minister of finance and infrastructure Bill English and ICT minister Steven Joyce. In addition, an Invitation to Participate will also be released next month and proposals will be due by the end of the year.

The final proposal rejects Telecom’s alternative, which was to provide fibre to every school and hospital in New Zealand or provide all the ducting necessary to create a nationwide fibre network.

In his release the minister states: “At this point in time, Telecom’s proposal is not sufficiently attractive to justify moving away from a contestable regionally-based process. Relative to indications from potential partners, Telecom’s proposal covered fewer homes and businesses, only provided ducts and not the fibre itself, and did not clearly result in significant additional private sector expenditure above ‘business as usual’ levels.”

In the paper it clearly states the government’s view on the future of existing telecommunications infrastructure: “In the case of residential access networks, such as Telecom’s copper and TelstraClear’s cable networks, it is clear that they do not have the capability to compete with the performance of fibre to the premise networks in the medium to long term. As a result it is likely that these networks will eventually be overbuilt.”



Sarah Butt

Acision signs as sponsor for CommsDay Melbourne Congress

Acision, the “world’s leading messaging company” has signed as one of the sponsors and exhibitors at the CommsDay Melbourne Congress 2009.

Ronan Casey, CTO of Acision in Asia Pacific will present on “The Future of Messaging” on 13 Oct 2009 at 3pm.

“The Future of Messaging” presentation will outline key trends in messaging and expand on why the GSMA initiative, the Rich Communications Suite (RCS) is important for operators to rollout the next innovation in messaging and enhance end user experience.

“As the leader in messaging and an enabler for the wider mobile industry, Acision has its own vision on the future of messaging which raises the bar in terms of services and extends the user experience beyond today’s basic SMS and MMS. Acision will outline the five key areas of development that will define the future of messaging and have a dramatic impact on the mobile ecosystem of tomorrow. Meet Acision at the event on Oct 13-14, 2009.”



NZ competitive carriers like fibre policy

Reaction to the NZ government's fibre announcement yesterday was mostly positive.

Vector CEO Simon MacKenzie says that while the changes to the government's plan are subtle, they are integral to the success of such a project. "On balance, it's a good positive step forwards," he says. "The key points for us are the retention and expansion of the regional model and ensuring that the network is transparent, open access and available with equivalence of inputs."

MacKenzie reiterated that while Vector was pleased with the detail in today's announcement, the company will only invest as long as it makes commercial sense. He says Vector, if chosen to participate in the project, is ready to enter a "constructive" partnership.

The CEO believes that as a structurally separated lines company, coupled with the fact that Vector has been working in an open access network environment for some time, puts the company in an advantageous position.

MacKenzie added that he was pleased to see that Layer 2 services and dark fibre have been earmarked as priorities. "Layer 2 is critical from a market structure perspective ... it's important to the market for innovation and retail providers."

Asked if Vector was also interested in the \$300 million rural fibre project, MacKenzie says that they are currently looking at the details.

While FX Networks has yet to make a decision about engaging with the LFC model, GM sales Jamie Baddeley did add that "diversity is good".

A Vodafone spokesperson says that it is good to see that the project has moved on to the next level.

TelstraClear says that its views on overbuild have not changed, but neither has its intention to compete. A spokesperson says that there are a number of ways for TelstraClear to participate. "We could buy retail services off LFCs ... with our NorthPower experience, the concept is not foreign to us." The spokesperson added that there is still life in the company's HFC network, with new technologies being developed to create higher speeds.

Paul Clearwater

Telecom NZ disappointed with plan

Telecom NZ has criticised the NZ government's decision to proceed with its own fibre plan. "Given our strongly principled support for the government's vision to bring ultra-fast broadband to 75 per cent of New Zealanders, Telecom is disappointed the benefits of our national approach to going faster and further have been overlooked," Telecom chief executive Paul Reynolds said.

"Telecom retains a very a strong commitment to the vision of ubiquitous fast broadband, and our current FTTN (fibre-to-the-node) investment program supports this by pushing ultra-fast broadband out to more New Zealanders than ever before.

"This program is now well advanced, employing a combination of fibre rollout and upgrades to exchange electronics throughout New Zealand. Within two years we will complete it, ensuring that at least 84 per cent of New Zealanders have fast access to world-class broadband services."

"The government has reiterated its wish to avoid duplication of existing, privately-funded world-class network infrastructure across New Zealand," Reynolds said.

"The model set out in today's announcement, however, raises the distinct possibility of just such an outcome."

NZ opposition wants broadband rollout details

The New Zealand Labour Party has again brought up its concern regarding the government's slow move in coming up with a timetable for the broadband rollout. "It's been nearly a year since the election, but we still

COMMUNICATIONS DAY

Published by Decisive Publishing

Decisive Mail

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AUSTRALIA.

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have no firm timetable for the start date for broadband rollout and no firm details on the commercial rate of return to the government,” NZ shadow ICT minister Clare Curran said.

Despite expressing its support to the government’s pledge to deliver ultrafast broadband in the bulk of the country, Labour has promised to ensure that National will move away from a telco-centric infrastructure approach. Curran added, “On the face of it, National’s proposal appears to promote an open access, dark fibre driven and regionally-based approach which Labour has long campaigned for. If that is the case, we broadly support it. But we’ll be vigilant to ensure the reality matches the promise”.

In relation to the proposed split up of Telstra, Curran has asked National to clarify whether Telecom should also structurally separate Chorus to bid for a national rollout of the fibre plan. “Communications minister Steven Joyce also appears disinterested in whether, in light of the Telecom contractor dispute, Telecom can fulfill all of its current service obligations to customers while carrying out a significant proportion of the additional broadband roll out New Zealand urgently requires,” she said.

Kei Contreras

Kordia hopeful on NZ contribution to cable

There was no money for international connectivity in the NZ broadband plan but Kordia is hopeful the original \$NZ15 million the Labour government set aside is still up for grabs. Kordia’s corporate affairs manager Susie Stone is on track to go to Kordia’s board later this month with a business case for a trans-Tasman cable. She says the \$15 million promised by the previous government has been factored into the equation.

The Optikor proposal is an arrangement between Kordia and PIPE International which would see Kordia fund a cable from New Zealand that would link into PIPE’s new Sydney-Guam undersea cable.

Expected to cost \$170-\$200 million, it will be funded in part by Indefeasible Rights of Use (IRUs), the \$15 million set aside by the government, and loans from financial institutions. Kordia CEO Geoff Hunt has said previously they are open to other shareholders coming on board.

Stone says the \$1.5 billion for the government’s fibre to the premise rollout was never intended to contribute to Kordia’s cable proposal.

Asked about the impact of announcements around the alternative cable known as South Pacific Island Network (SPIN), Stone says: “It’s been hard for us to pin that down as to how solid that actually is, it really hasn’t come up as being a serious contender for the customers, for the services that we’re offering.”

Sarah Putt

AARNet: researchers to push broadband envelope

Australia’s Academic and Research Network CEO Chris Hancock sees the scientific community as a key driver for faster broadband – staying ahead of the exponential speed increases consumers will demand in an NBN world. He put the onus on research and education networks to continue to ‘dwarf’ the capacity of commercial networks even as these transition to fibre, providing the support for new bleeding-edge applications.

Organisations including the University of New South Wales and the University of Queensland have recently upgraded their network connections to AARNet’s 10Gbps customer access product, with Monash University, the University of Melbourne and CSIRO set to follow suit soon. But the research network has no intention of resting on its laurels, planning a further speed upgrade at a full order of magnitude.

“We were going to do 40Gbps in the next year to two years, but we’ve done a lot of talking to people who are making the optical kit... I think we’ll skip that and go to 100Gbps,” revealed Hancock. “It’ll probably happen in the next two to three years.”

The AARNet CEO noted that the countries sitting at the top of the OECD broadband speed tables all maintained a well-developed national research and education network; such networks, he said, would likely stay far ahead of domestic access speeds, even in an NBN context. “Homes now average between about 1Mbps – 20Mbps; the universities or researchers get 1Gbps, starting to [upgrade to] 10Gbps now. We’ve predicted that in 2017, when the NBN takes shape and the average [home connection speed] is 100Mbps, we’ll be between 50Gbps and 250Gbps,” he said. “The message is... we have to dwarf the capacities that commercial networks provide, because we’re leading in the applications.”

By way of example, while IP video is frequently cited as a ‘killer app’ for the Australian NBN, Hancock noted that AARNet was already going a step beyond in supporting optiportals: enormous video walls comprising multiple large HDTV screens with real-time video feeds, each demanding about 30Mbps of throughput. But these, he said, were just the first step, with universities now starting to work with resolutions many times greater than the 1080p standard for telemedicine and other applications.

AARNet is involved in an array of other projects showcasing the benefits of broadband to the scientific community. It is helping to link universities across the country into the research testbed at the Institute for a Broadband-Enabled Society in Melbourne; it is also managing the fibre build to Boolardy in Western Australia.



lia, the core site for the proposed Square Kilometre Array radio telescope (for which Australia is shortlisted, alongside South Africa, as possible host) as well as its prototype, the SKA pathfinder project.

“It’s often the case that researchers and scientist... are not quite sure how [networks] can benefit their science,” said Hancock. “We’re constantly in demonstration mode, because we’re trying to push the boundaries and drive network usage – and show what can be done!”

Petroc Wilton

CCC shows scant sympathy for shareholders’ shock

As the repercussions of the new bill to separate Telstra ripple through the industry, the Competitive Carriers’ Coalition is ‘bemused’ at the shocked response from some quarters. While commentators such as the Australian Shareholders’ Association have lamented the “draconian selective rules” aimed at a company only recently fully privatised, David Forman – chief executive of the coalition of Telstra’s business rivals – suggested that the writing had been on the wall for quite some time.

“Much of the reaction to the Government’s announcement yesterday is, frankly, bemusing,” said Forman. “Some commentators have expressed shock at the announcement, yet all of the proposals introduced to the Parliament yesterday were raised by the Government in a discussion paper in April. The vast majority of respondents called for exactly what the Government yesterday announced.”

“Furthermore the CCC has been arguing for the separation of Telstra’s retails and wholesale businesses since 2004, as have some others. Those claiming to be shocked at the announcement clearly have not followed the debate.”

Downplaying Telstra shareholders’ fears that separation could scupper stock prices by pointing to BT’s claims after the UK telco’s own functional separation last year, Forman also called for the proposal to be passed into law as soon as possible. “While it is important that the legislation is properly examined, the CCC urges the Parliament to pass the legislation this year,” said Forman. “These issues have been examined time and time again by successive Parliaments and the principles are well understood and broadly supported. The sooner these changes are implemented, the sooner consumers will benefit.”

Petroc Wilton

Telstra rallies to repair Sydney cable cut

A handful of severed subterranean cables have knocked offline thousands of Telstra’s home and business customers in Sydney, leaving the telco engaged in a full-scale rush to restore services.

Contractors working for Energy Australia sliced through eight fibre and three copper cables in the city, leaving affected users variously bereft of phone, internet or mobile services. Telstra has now mobilised a number of 40-man work crews, working over three separate areas, to remove and replace the damaged lines from the Kent Street exchange. Spokesman Craig Middleton said the process would involve rejoining ten thousand pairs of copper wire and installing two hundred metres of fresh cable, at a repair bill estimated around the million-dollar mark.

“It’s going to be a lot of work for our guys,” said Middleton. “We’ve prioritised the optical fibre, because that can get the most people back the quickest... we’ve brought in floodlighting, so we can work around the clock to assist in getting services back as quickly as possible.”

“The joining work’s already underway and we expect to have the first customers back on [Wednesday night], most of the rest of them within 24 to 36 hours,” he added. “But because of the sheer number of copper pairs that need to be joined, the very last ones could take up to a week.”

Energy Australia has apologised on behalf of the contractors; investigations are still underway to ascertain whether the workers followed the normal procedure of checking in with independent organisation ‘Dial Before You Dig’ before beginning their operations.

Petroc Wilton

TTGROUP AND LIFESIZE MARKET HD VIDEO SOLUTIONS

Business communications integrator TTGroup Communications has tied up with LifeSize channel program to deliver high-definition video solutions to Australian customers. Adding LifeSize’s high-definition video conferencing to the company’s unified communications solutions will give its customers the ability to combine video with their voice and data systems. According to TTGroup Communications CEO Bob Bishop, working with LifeSize will also enable it to offer video conferencing solutions, which will help increase productivity, and reduce costs and carbon footprints.

VIRGIN MOBILE BOOSTS AUSTRALIAN MUSIC SCENE WITH LATEST PARTNERSHIP

Mobile phone service provider Virgin Mobile has committed to sponsor the Virgin Mobile Metro, formerly Sydney Metro Theatre, to support contemporary live music artists. The partnership includes venue enhancements that will benefit patrons, along with VIP benefits for Virgin Mobile members. It will also provide a platform for

Metro bands to expand their audience through Virgin Mobile's customer base. The sponsorship will likewise give Virgin Mobile customers special access to scheduled Metro gigs.

UXC HIRES MESCHER AS UXC CONSULTING CEO

Australian-owned ICT company UXC has named Nick Mescher as CEO of UXC Consulting. The company hopes that his appointment will help upgrade the combined strength of its consulting business units so that its customers can further benefit from the skills, IP, methodologies, and processes available across the Business Solutions Group. Prior to his appointment, Mescher was the CEO of Adecco Australia's Professional Services business. He was also a co-founder of CPT Global and Freelance Global CEO. Mescher will report to Business Solutions Group CEO Cris Nicolli.

Letter to the editor from Kathryn Edghill, Truman Hoyle Lawyers

National Broadband Network regulatory reforms: more power to the ACCC

Only those located in the most remote areas of Australia with no access to broadband at all could fail to be aware of the wide-ranging reforms to the Australian telecommunications landscape announced by the Government on 15 September 2009.

Media coverage of the reforms, which are to be introduced via the Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Bill 2009, has been intense, with most interest focusing on the possible structural separation of Telstra. Senator Conroy has stated that the reforms are aimed at enhancing competitive outcomes within the telecommunications service industry and strengthening consumer safeguards. It is worthwhile, therefore, taking a closer look at just how the Government has chosen to achieve those aims and, in particular, the role that the ACCC is to play.

There is little doubt that the ACCC's role in the telecommunications industry will be strengthened by the Bill. Most evidently, its enhanced powers, under Part XIC of the Trade Practices Act, to deal with access to telecommunications infrastructure by, among other things, issuing binding rules of conduct and rejecting serial undertakings will enable it to have a more active role in ensuring that access arrangements are made fairly and without undue delay. Its role in approving any structural separation undertaking offered by Telstra and in advising the Minister in respect of any functional separation undertaking which may be required of Telstra will ensure that it has critical oversight of the structural changes which are to occur. But how effective will this be in enhancing competition in the industry?

Surprisingly, the amendments to Part XIB of the Trade Practices Act which deal with anti-competitive conduct are relatively minor, involving the removal of the procedural fairness requirements which previously obliged the ACCC to consult with a party before issuing a Part A competition notice (a process which the Government believes was previously prone to delay and obstruction).

The Government has chosen to regulate competition in the market in the important transition period to the NBN principally through means of incentives for Telstra to structurally separate.

There is much to commend this approach, which favours market forces over heavy-handed regulation. Its success will rely not only on separation occurring (which the Bill provides will occur on 1 July 2018 or such other date as the Minister determines) but also on the terms of such separation and on the fact of the impending separation resulting in changes to market behaviour of Telstra and other industry participants in the intervening transition period.

It is in respect of the terms of the separation and the conduct of Telstra in the intervening period that the enhancement of the powers of the ACCC both to approve any structural separation undertakings offered by Telstra and to determine access terms and conditions, becomes all the more important. The two will be intrinsically related in the long nine year transition period to the NBN and these powers mean that the ACCC will be in the box seat as far as shaping the future of the telecommunications industry in Australia.

Whether the Government's attempt to strike a balance between regulation and the impact of market forces will be sufficient to control the current "elephant" in the industry, Telstra, in the transition period or to prevent the emergence of another dominant market player, or whether it will just result in the ACCC becoming a de facto industry participant remains to be seen.

Kathryn Edghill, Truman Hoyle