

A scorecard for Australia the broadband ashes

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INTUG contents

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- sorting out the mess

INTUG what is INTUG?

- members
 - national associations
 - corporations
 - individuals
- activities
 - ITU and WTO
 - OECD
 - APEC TEL, CITELE and EU

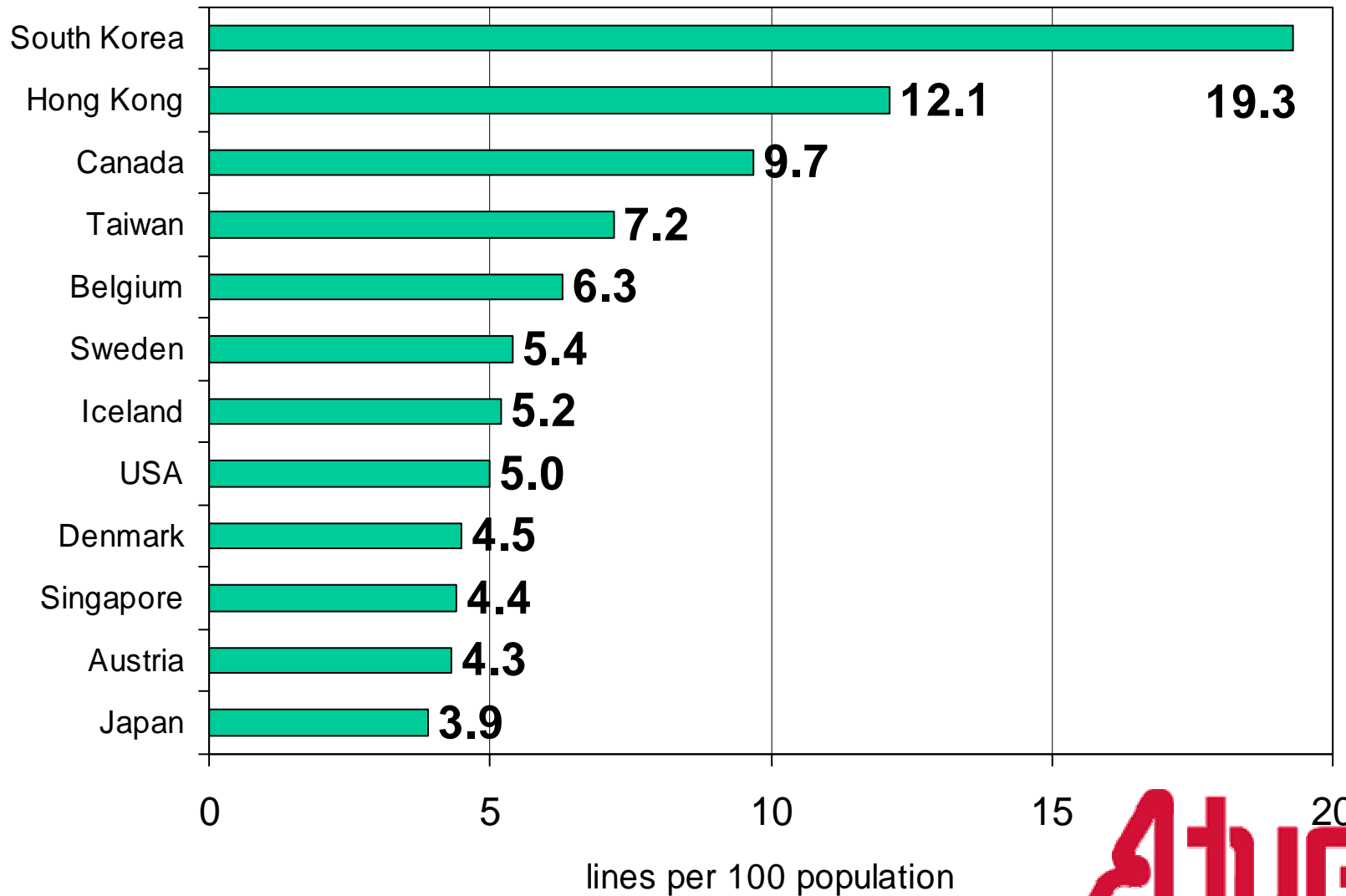
INTUG our aims

- real and effective competition
- genuine choice for users
- lower prices
- higher quality
- more innovative services
- constructive co-operation with
 - international bodies
 - governments
 - regulators

INTUG Australian competitiveness

- World Economic Forum (Davos) ranks Australian 7th in 2002 down from 5th in overall competitiveness
- 14th for microeconomic competitiveness
- growth competitiveness index is pulled down by (poorer) technology performance, 9th in world
- one of the best performing economies in the OECD, but able to improve competition in fixed-line telecommunications

INTUG broadband rankings June 2002

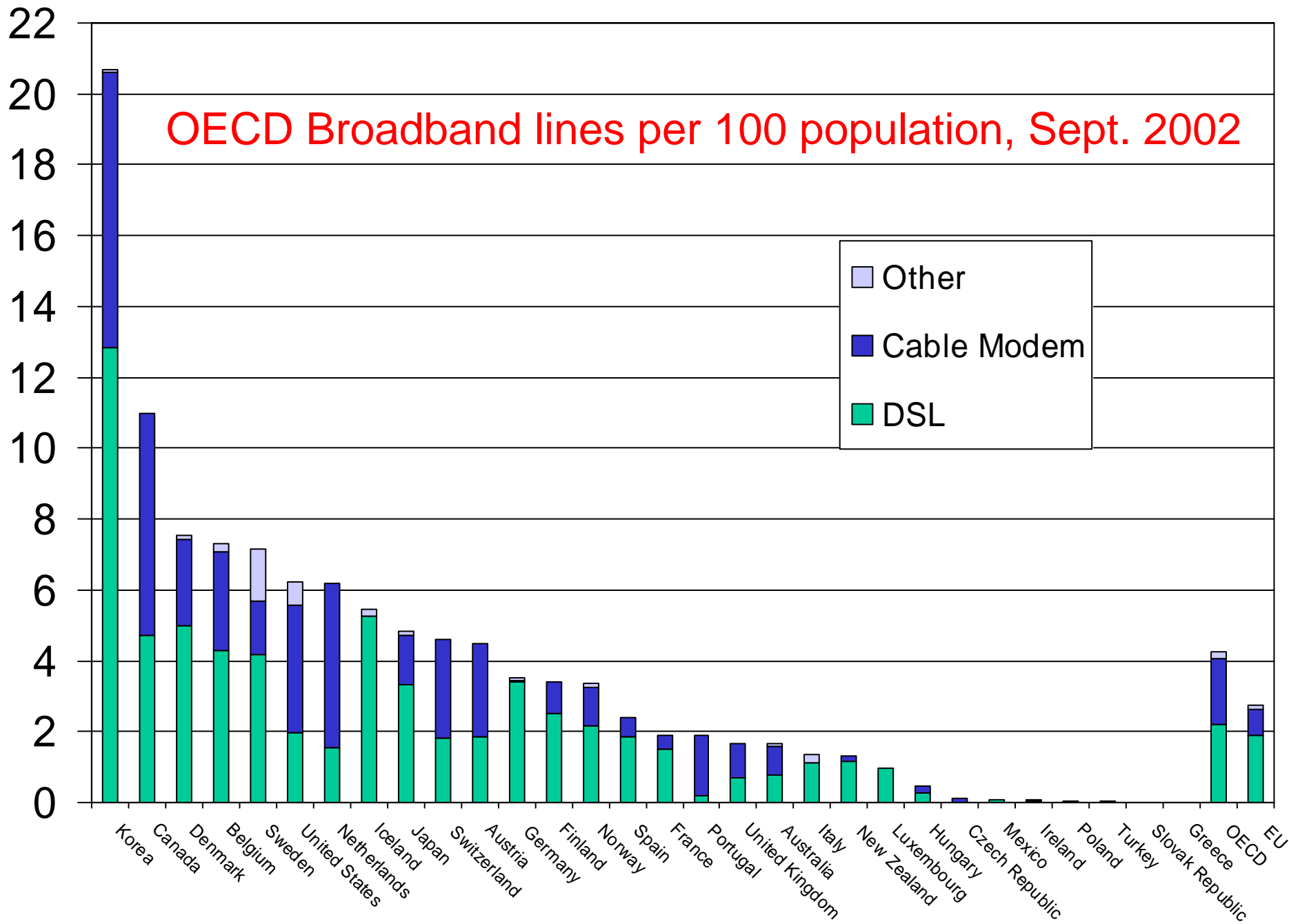


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OECD Broadband lines per 100 population, Sept. 2002



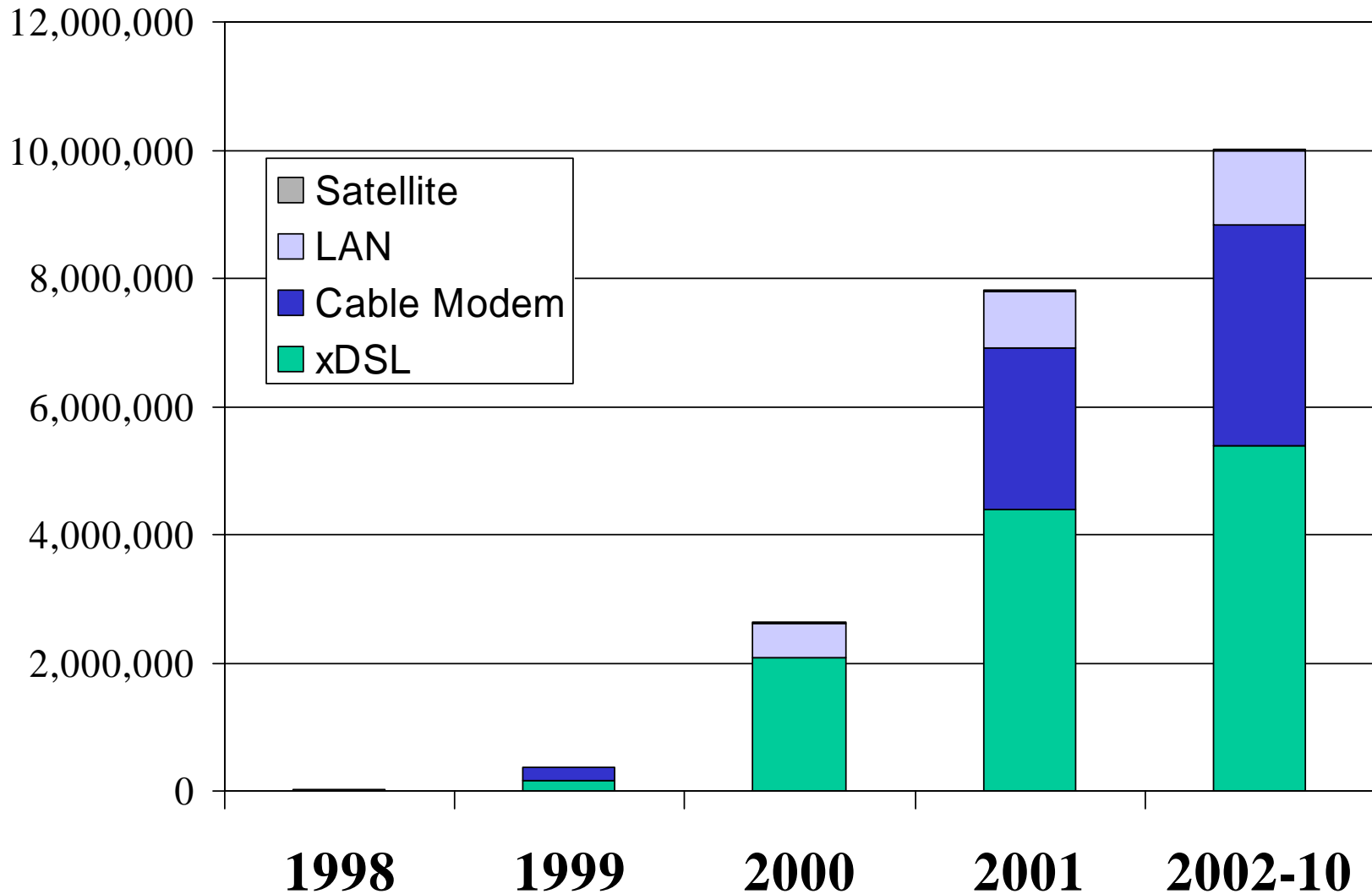
INTUG where is Australia?

- OECD (30countries)
 - June 2001– **12th**
 - June 2002 – **18th**
 - September 2002 – **19th**
- September 2002 – **23rd** in world
 - 18 OECD members
 - plus Hong Kong, Taiwan, Singapore & Estonia
- Telstra's target of 1M lines in 2005 is about 5% teledensity, should be **30th** to **40th** in the world by then

INTUG broadband in South Korea

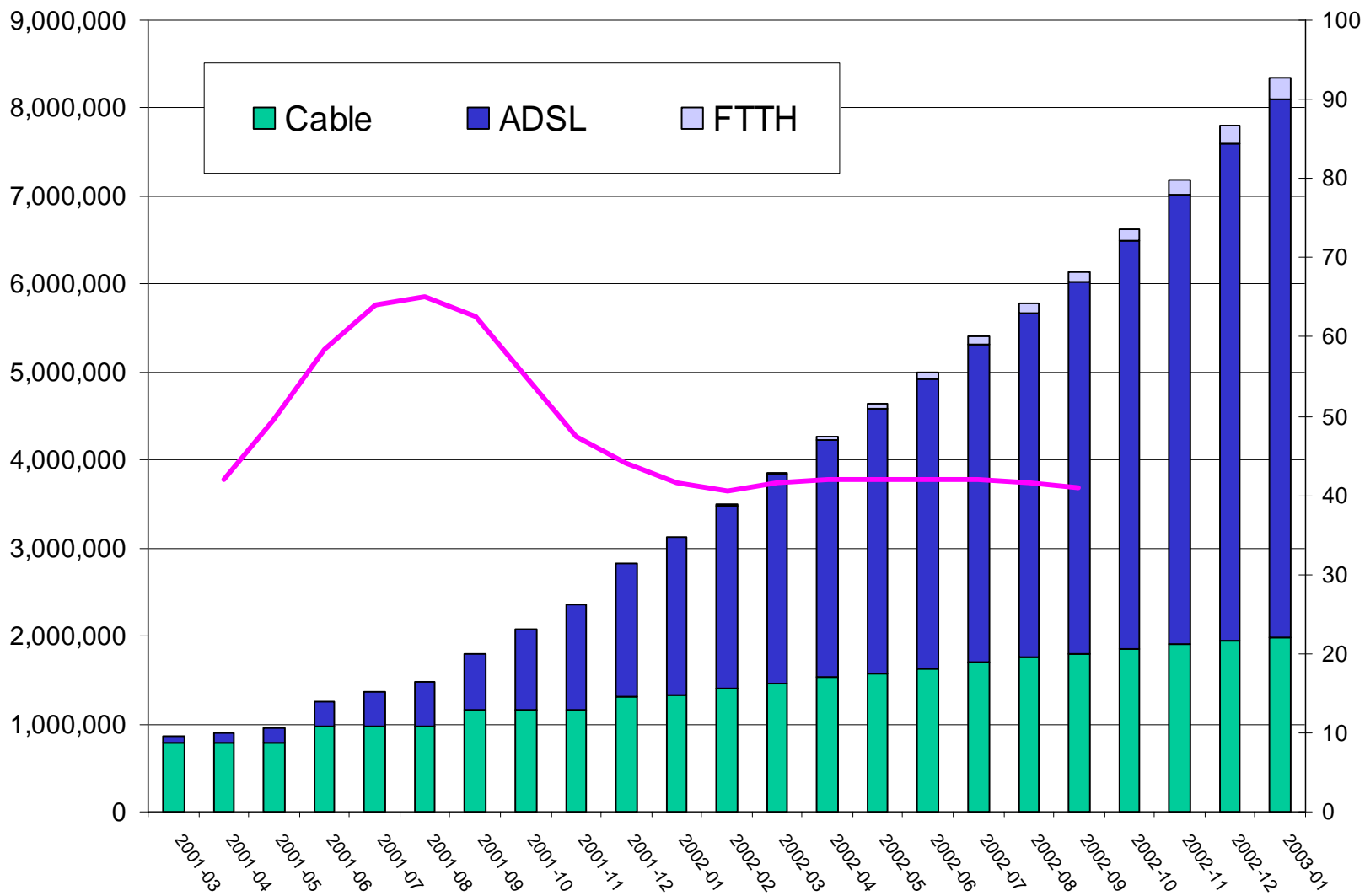
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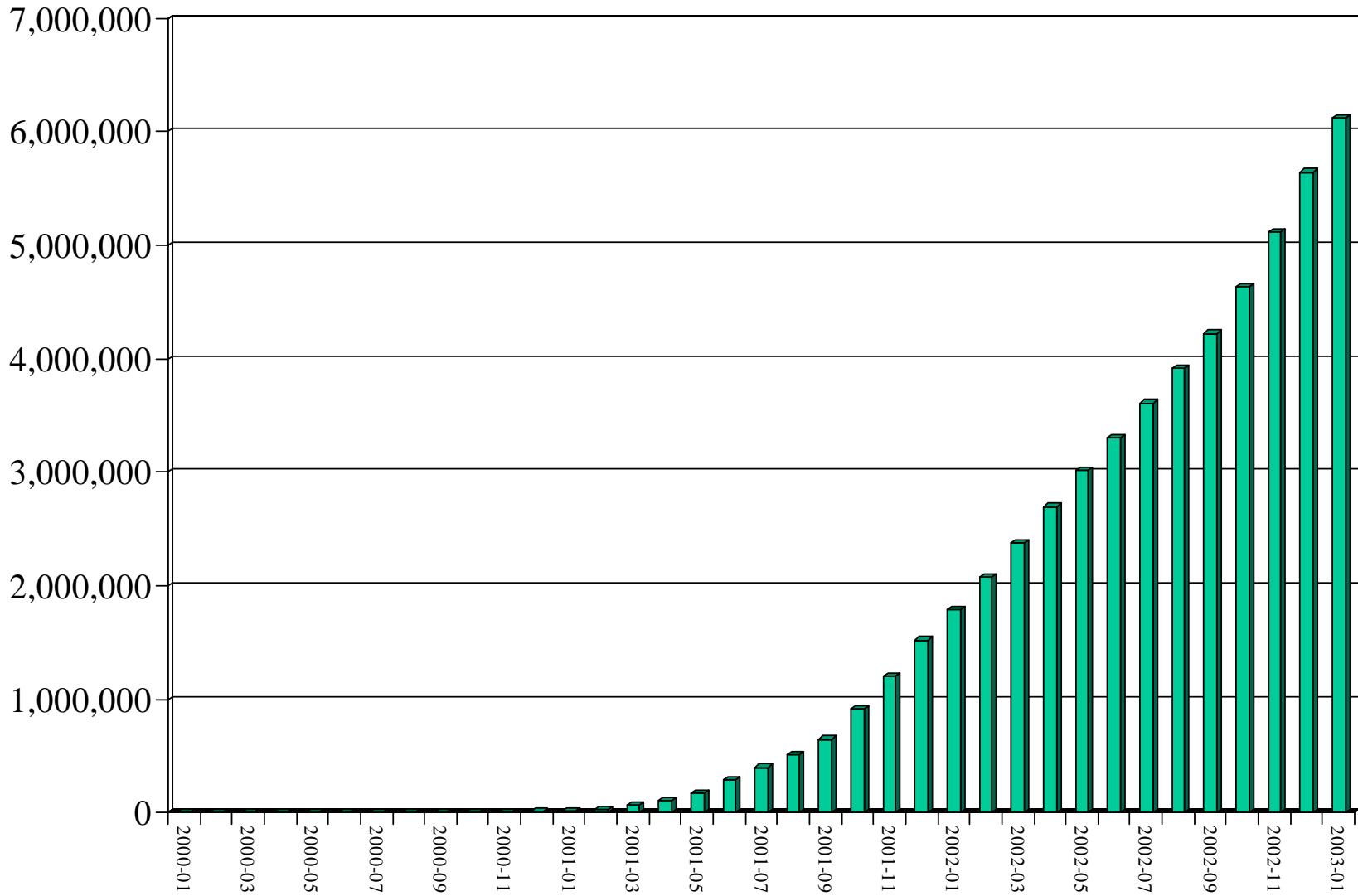
INTUG broadband in Japan

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INTUG ADSL in Japan

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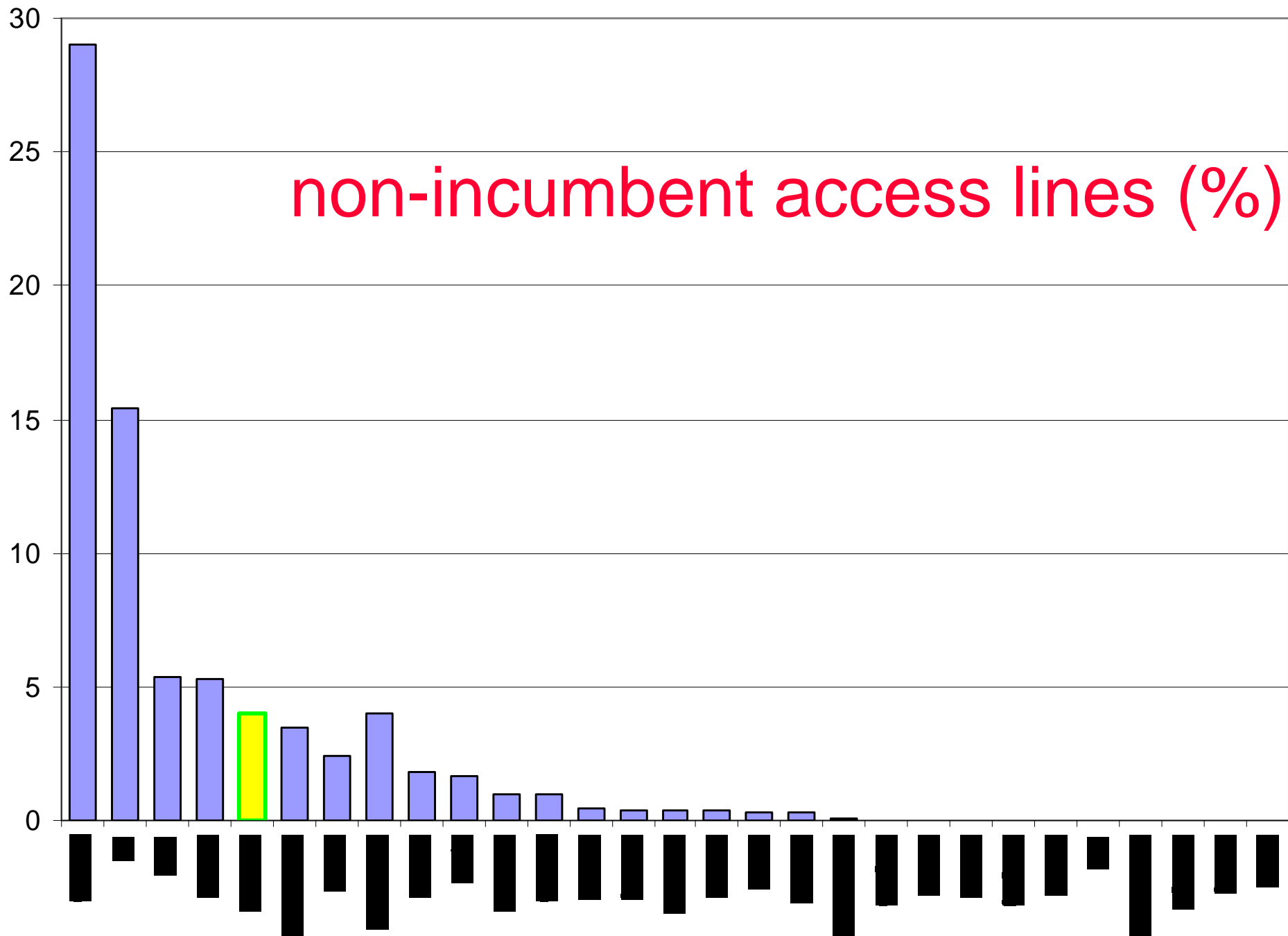


INTUG applications

- voice
 - Yahoo BB! at USD 0.02 per minute
 - VoIP devices from manufacturers
- networked games
- video on demand
 - 4M bps for DVD quality
 - 50M bps for HDTV
- content
 - e-government
 - e-health
 - e-education
- pornography

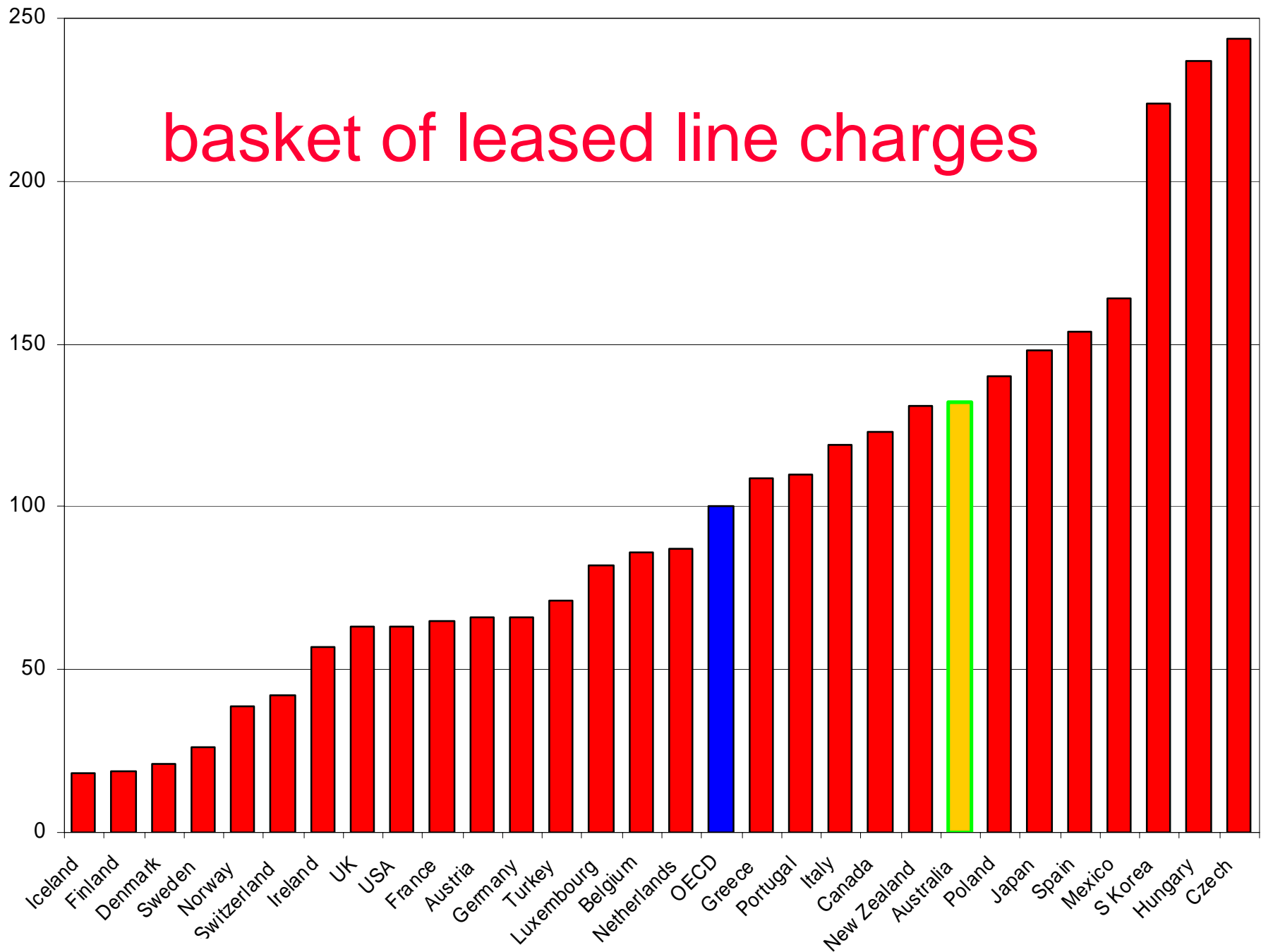
INTUG fixed telephony ranking

- world rankings (ITU)
 - 1990 18th
 - 2000 28th
- still a respectable position, around 53 lines per 100 people
- scope for modest growth, even competing with mobile
- massive dominance by Telstra
- geographic problems of the outback



Source: OECD, 2001.

basket of leased line charges

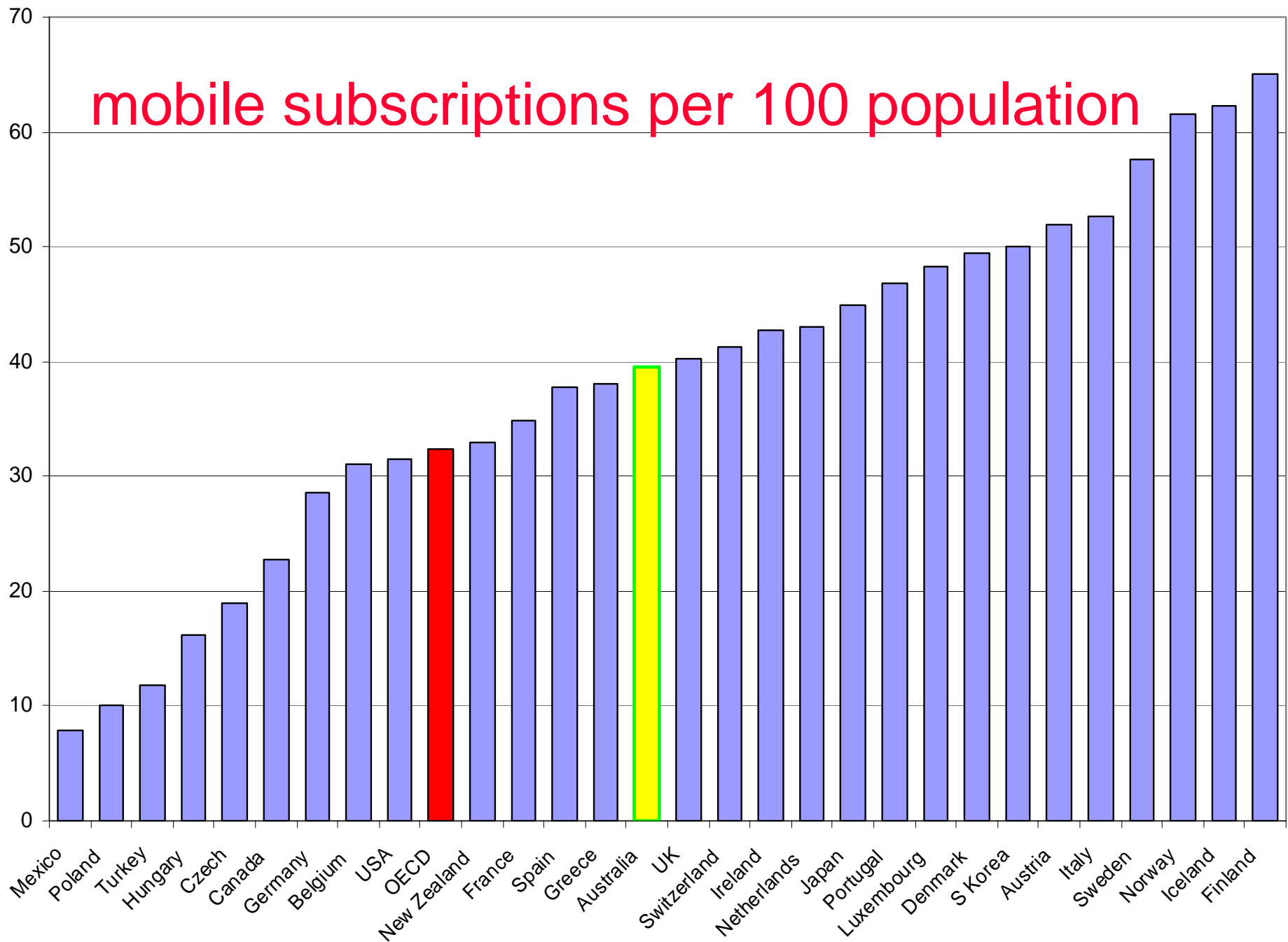


Source: OECD, 2001.

INTUG mobile ranking

- world ranking
 - 1999 – 24th
 - 2000 – 29th
- respectable position but far from rapid growth, though much faster than fixed
- limited competitive dynamics to drive the market
- again, Australia looks European and not Asian

mobile subscriptions per 100 population



Source: OECD, 2001.

INTUG mobile market abuses

- fixed-to-mobile call termination
- international mobile roaming
- SMS pricing
- underlying problem of a duopoly

Need to address these issues.
Roaming requires international cooperation.

INTUG 2.5G marketing failures

- HSCSD
 - nobody has heard of this
- WAP
 - killed by an over-dose of hype
- GPRS
 - no business users, only trialists
 - needs a computer science degree to make it work
 - the prices are at least an order of magnitude too high

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- massively reduced expectations
- unanticipated growth of WLAN
- no business model
- no killer applications
- data protection problems
- competition law problems

Games, Gambling, Girls
Greed, Grief, Gomorrah



INTUG Australia is

- slipping down the world rankings
- suffering economic damage by remaining a narrowband economy
- failing to achieve dynamic markets

There is no simple cookbook to succeed at broadband. Each success has been customised.

INTUG get Telstra out of cable

- Telstra has divided interests
- separate it off then try one of these:
 - demerge as Australian Cities Cable Co, then have an IPO
 - or, sell to Optus
 - or, sell to Packer and/or Murdoch
 - or, sell to another buyer
- Telstra would then have to compete using xDSL

INTUG telstra

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- aiming for world class mediocrity
- what will be the value of a narrowband Telstra to T3 shareholders?
- government has a responsibility as the leading shareholder to replace the directors in order to safeguard its investment

Mene, Mene, Tekel, Upharsin



INTUG thank you

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<http://www.intug.net/talks.html>

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