

INTUG

ATUG, Sydney 6 March 2003
www.INTUG.net

A scorecard for Australia the broadband ashes

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The logo for ATUG, featuring the letters 'A', 'T', 'U', and 'G' in a stylized, bold, red font. The 'A' and 'T' are connected, and the 'U' and 'G' are also connected, with the 'U' and 'G' being significantly larger than the 'A' and 'T'.

INTUG contents

- about INTUG
- broadband
- fixed
- mobile
- 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

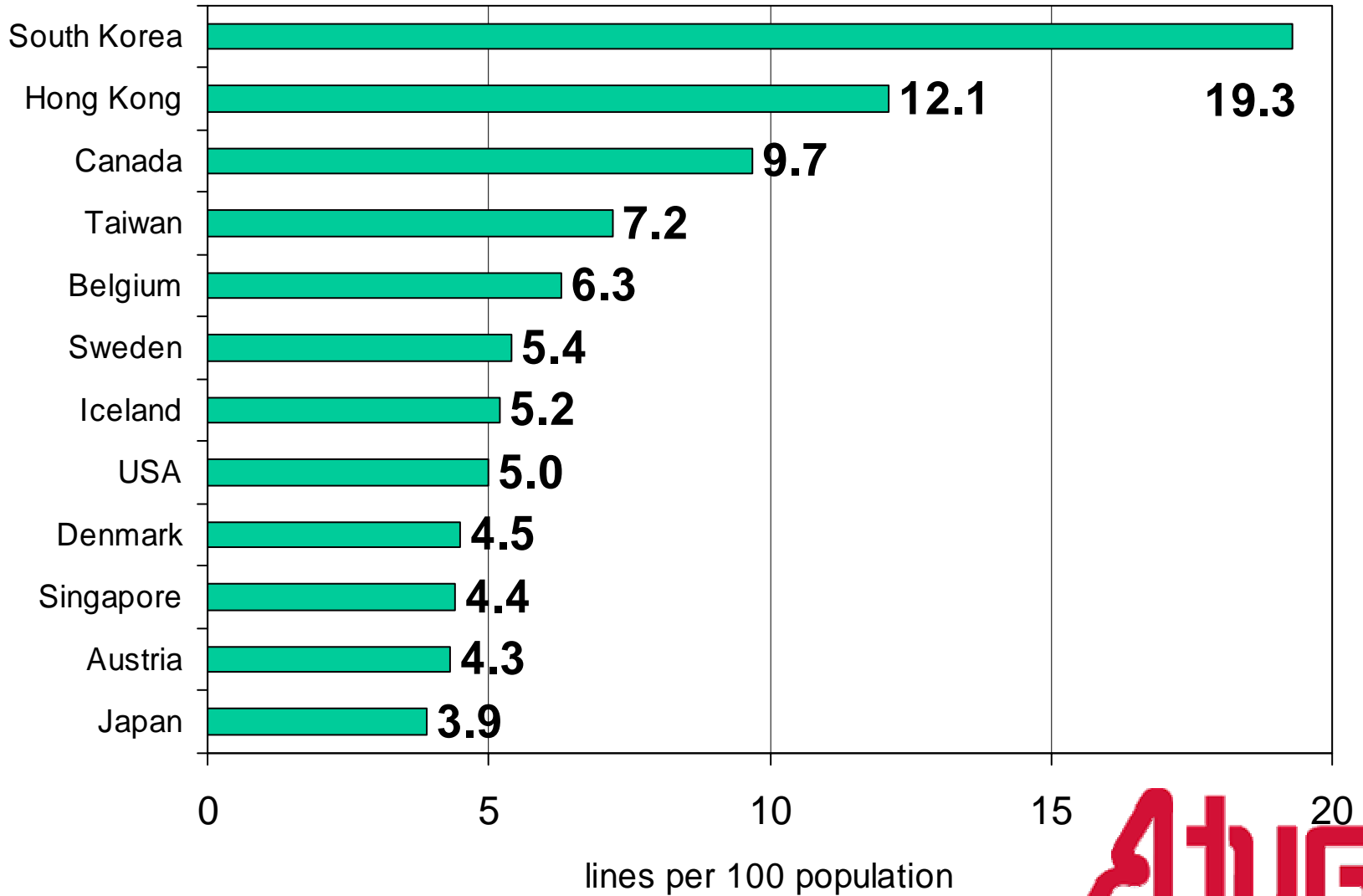
- real and effective competition
- genuine choice for users
- lower prices
- higher quality
- more innovative services
- constructive co-operation with
 - international bodies
 - governments
 - regulators

INTUG Australian competitiveness

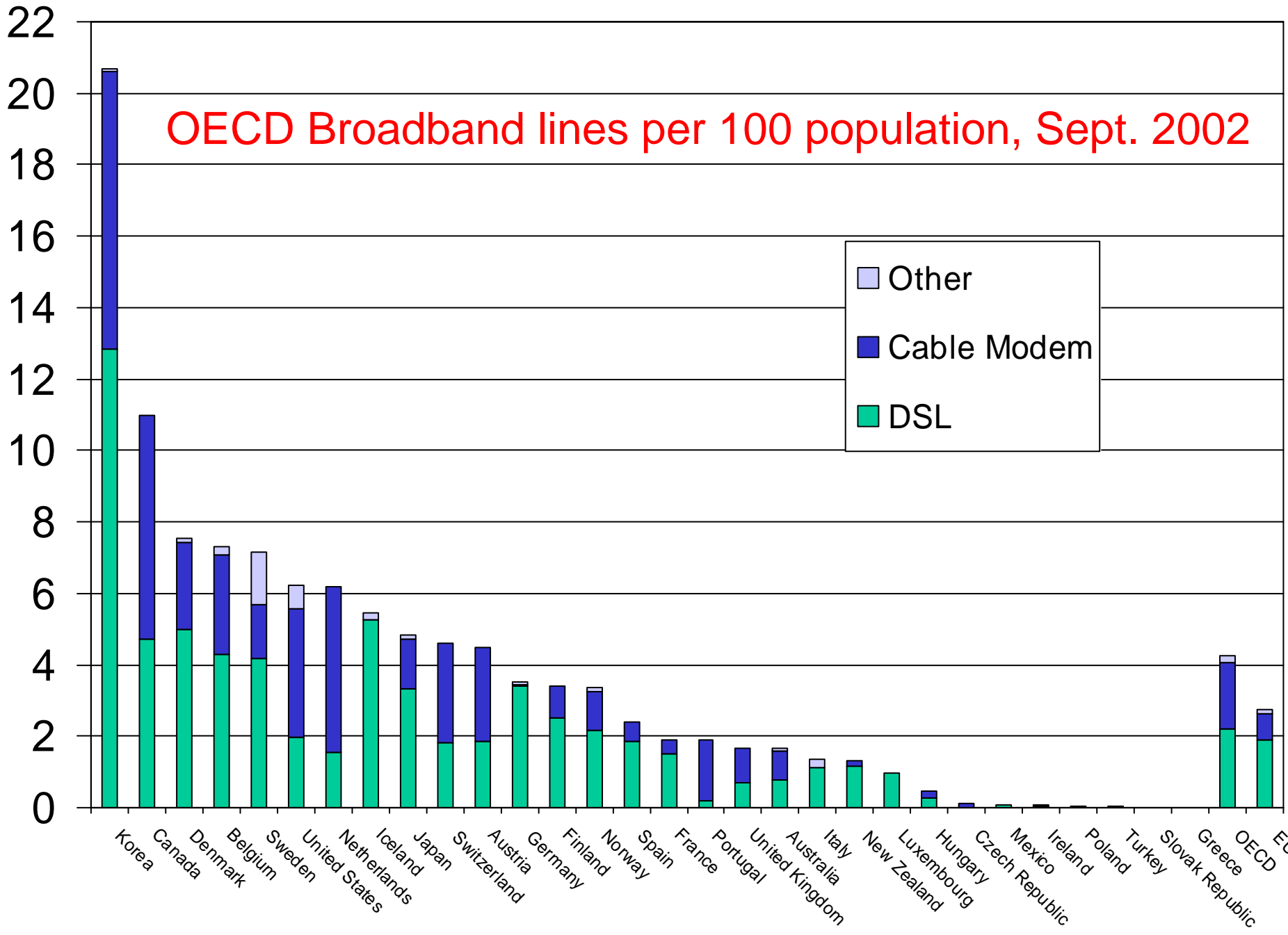
- World Economic Forum (Davos) ranks Australian 7th in 2002 down from 5th in overall competitiveness
- 14th for microeconomic competitiveness
- growth competitiveness index is pulled down by (poorer) technology performance, 9th in world
- one of the best performing economies in the OECD, but able to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

INTUG broadband rankings June 2002

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OECD Broadband lines per 100 population, Sept. 2002



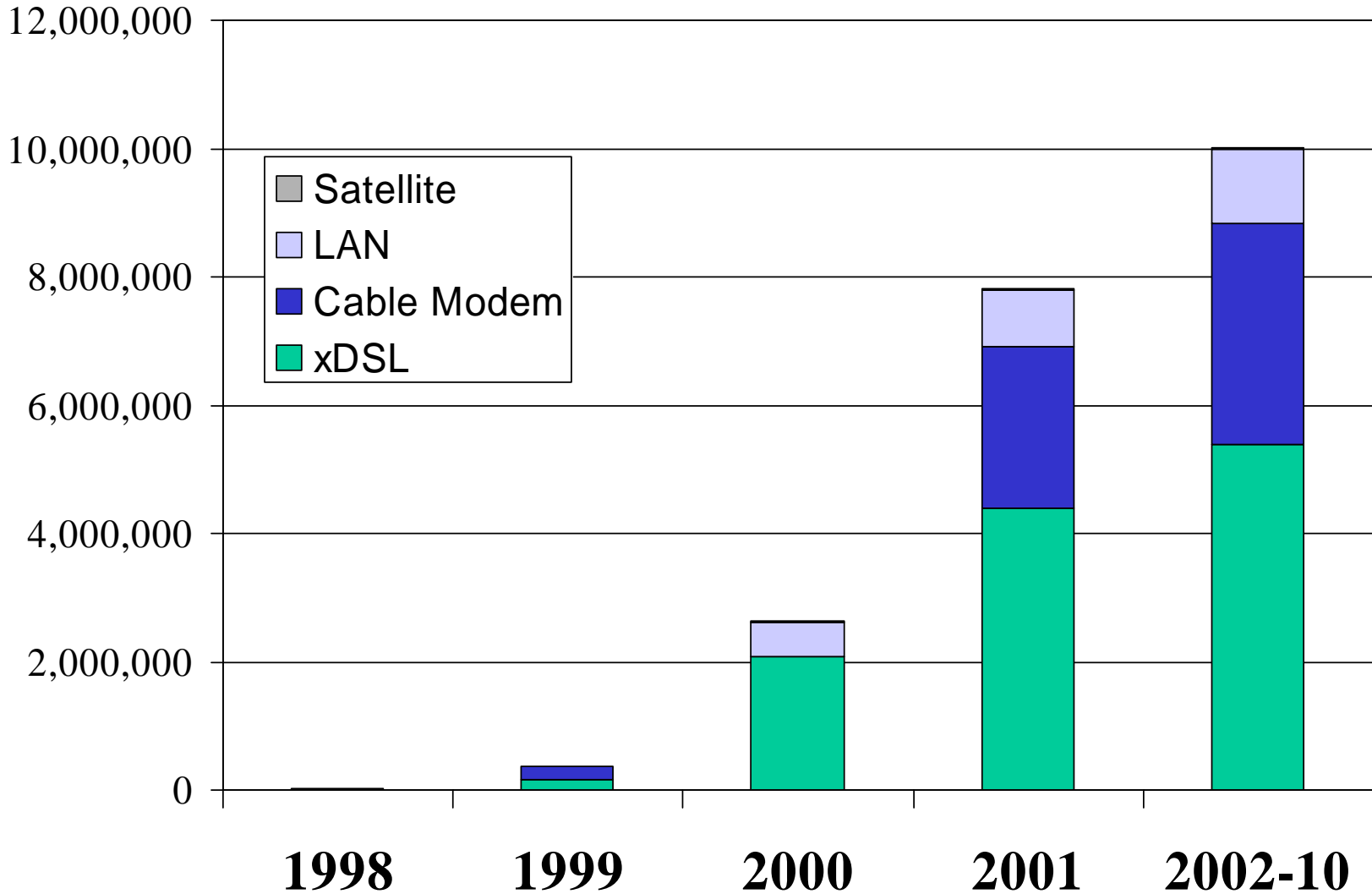
INTUG where is Australia?

- OECD (30 countries)
 - 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

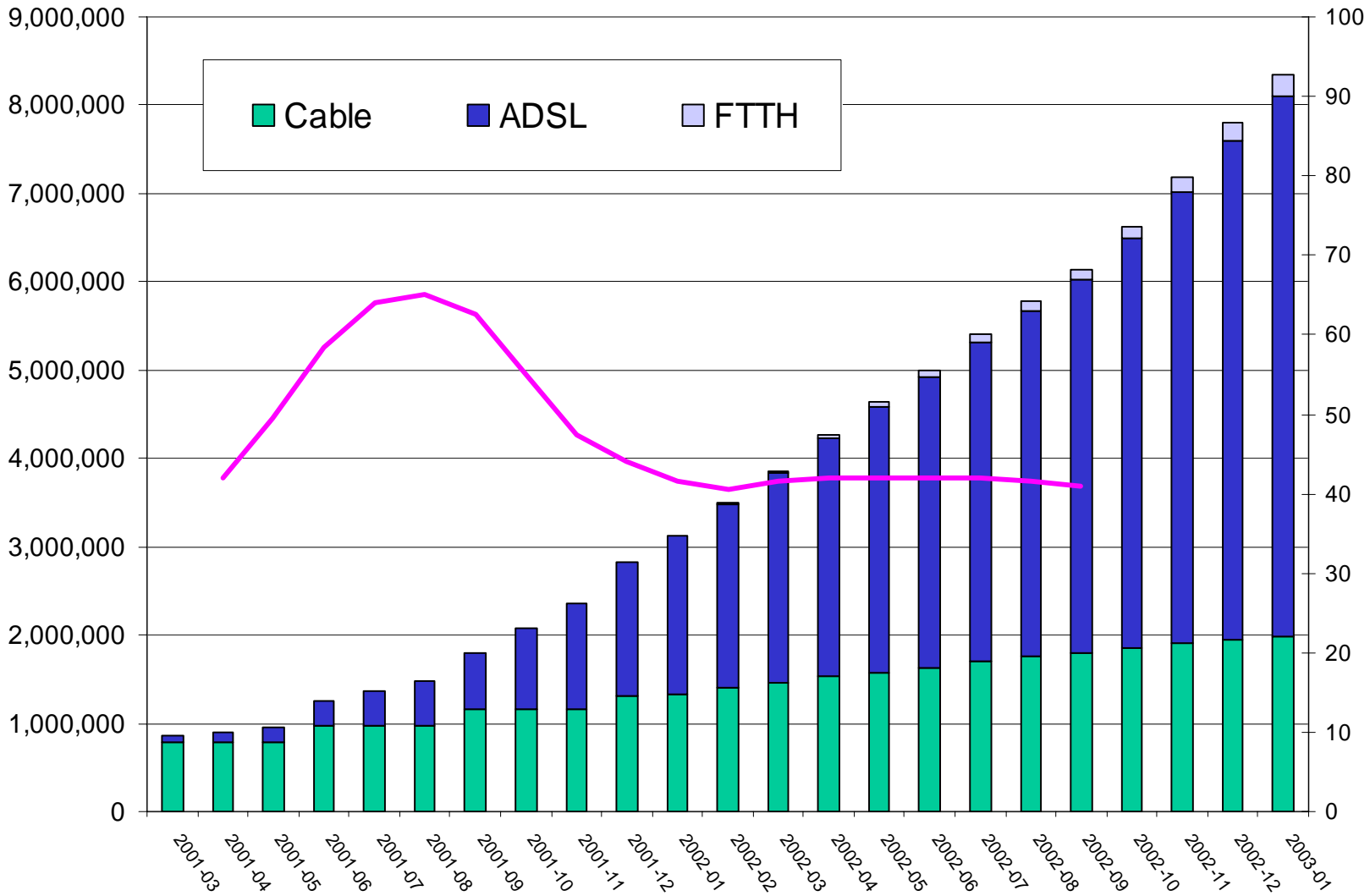
INTUG broadband in South Korea

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INTUG broadband in Japan

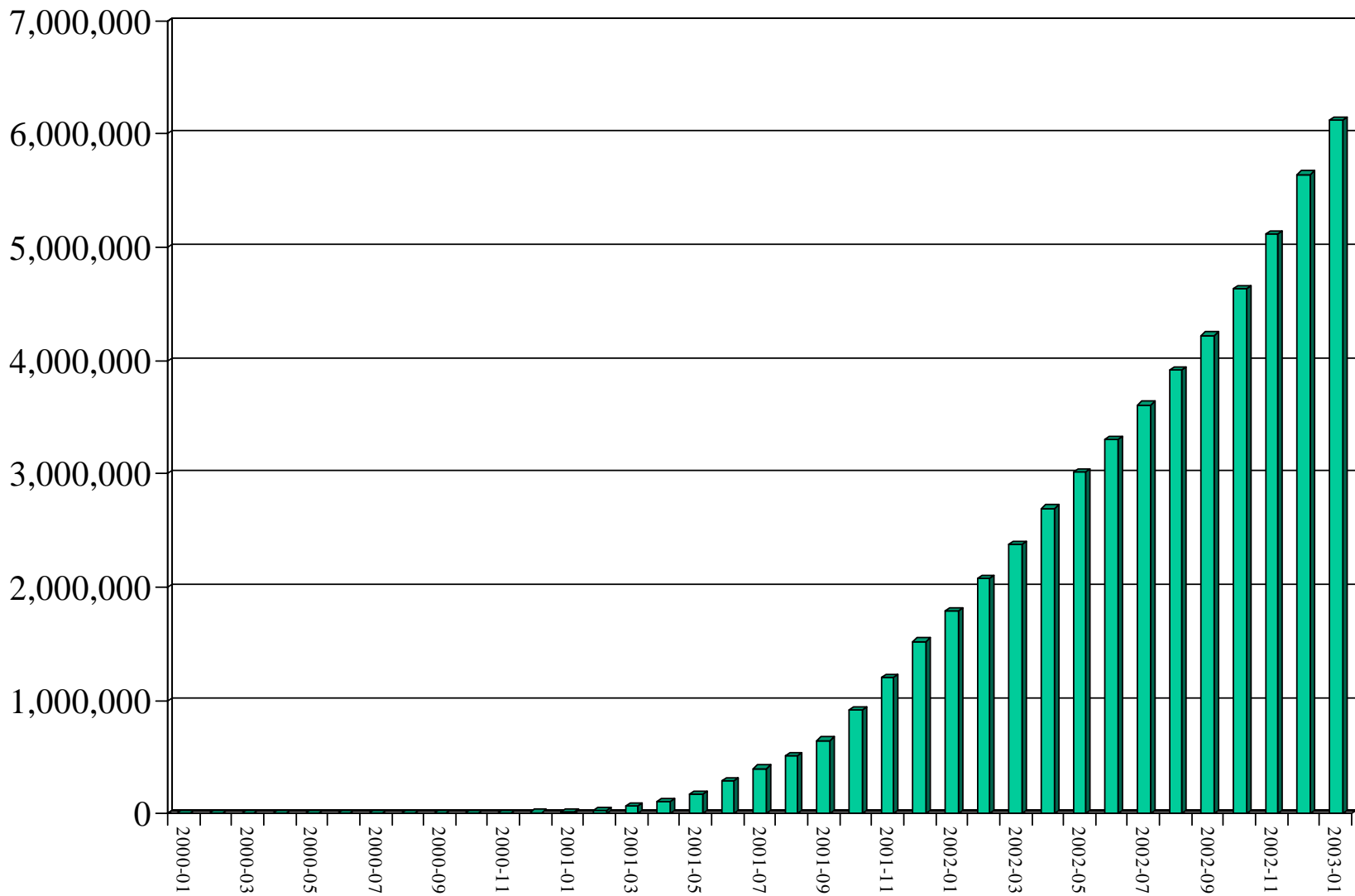


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INTUG ADSL in Japan

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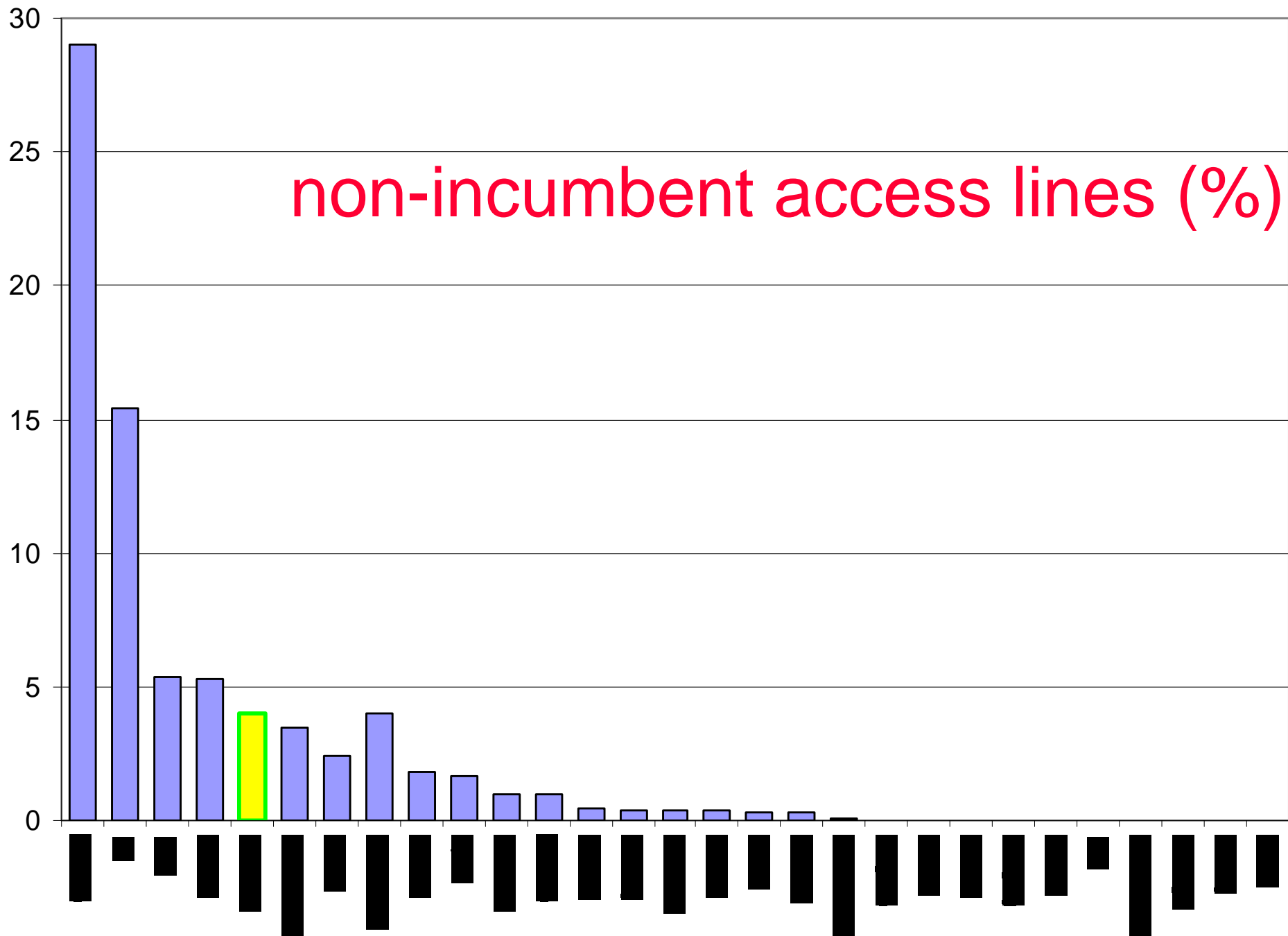
INTUG applications

- 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

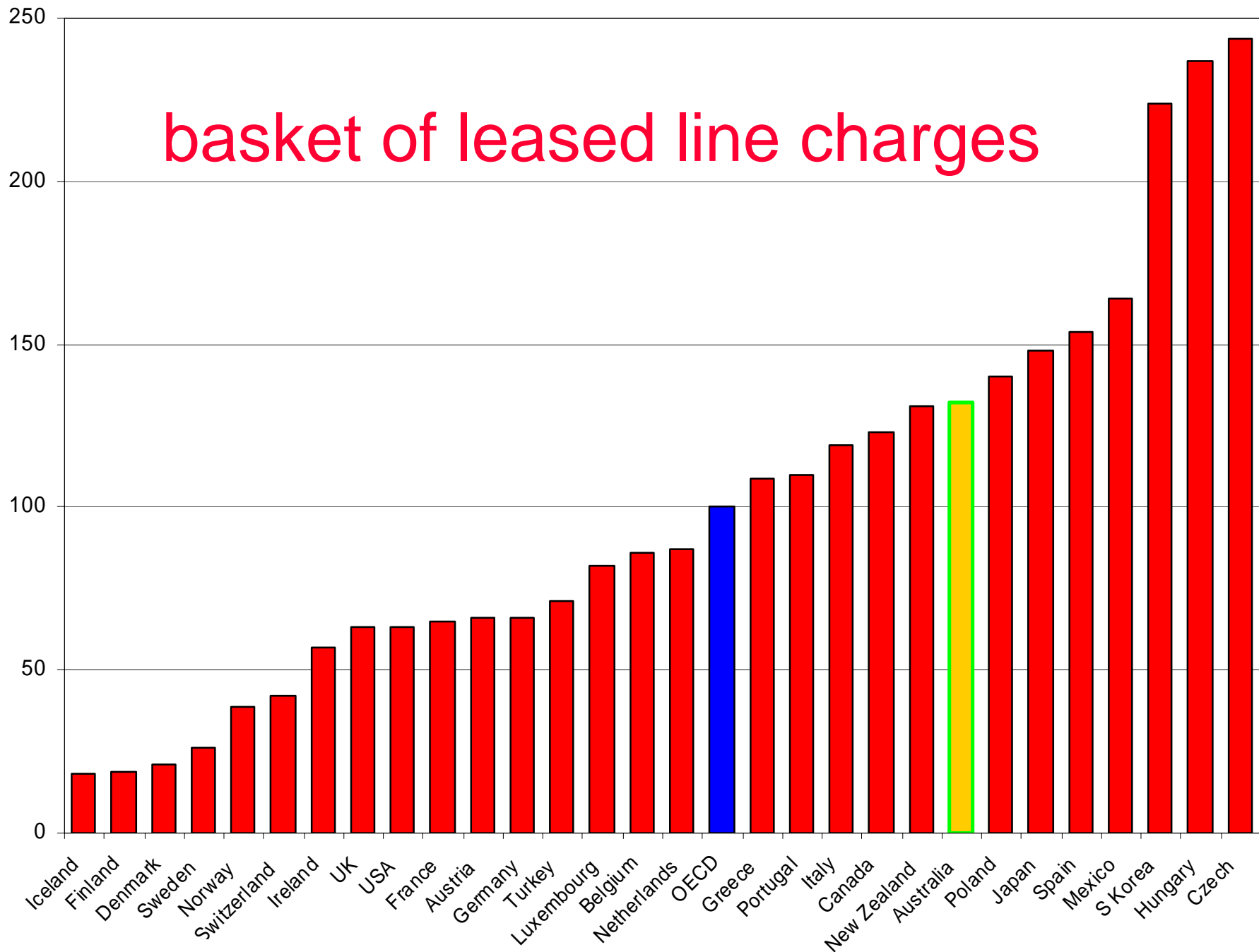
- world rankings (ITU)
 - 1990 18th
 - 2000 28th
- still a respectable position, around 53 lines per 100 people
- scope for modest growth, even competing with mobile
- massive dominance by Telstra
- geographic problems of the outback

non-incumbent access lines (%)



Source: OECD, 2001.

basket of leased line charges

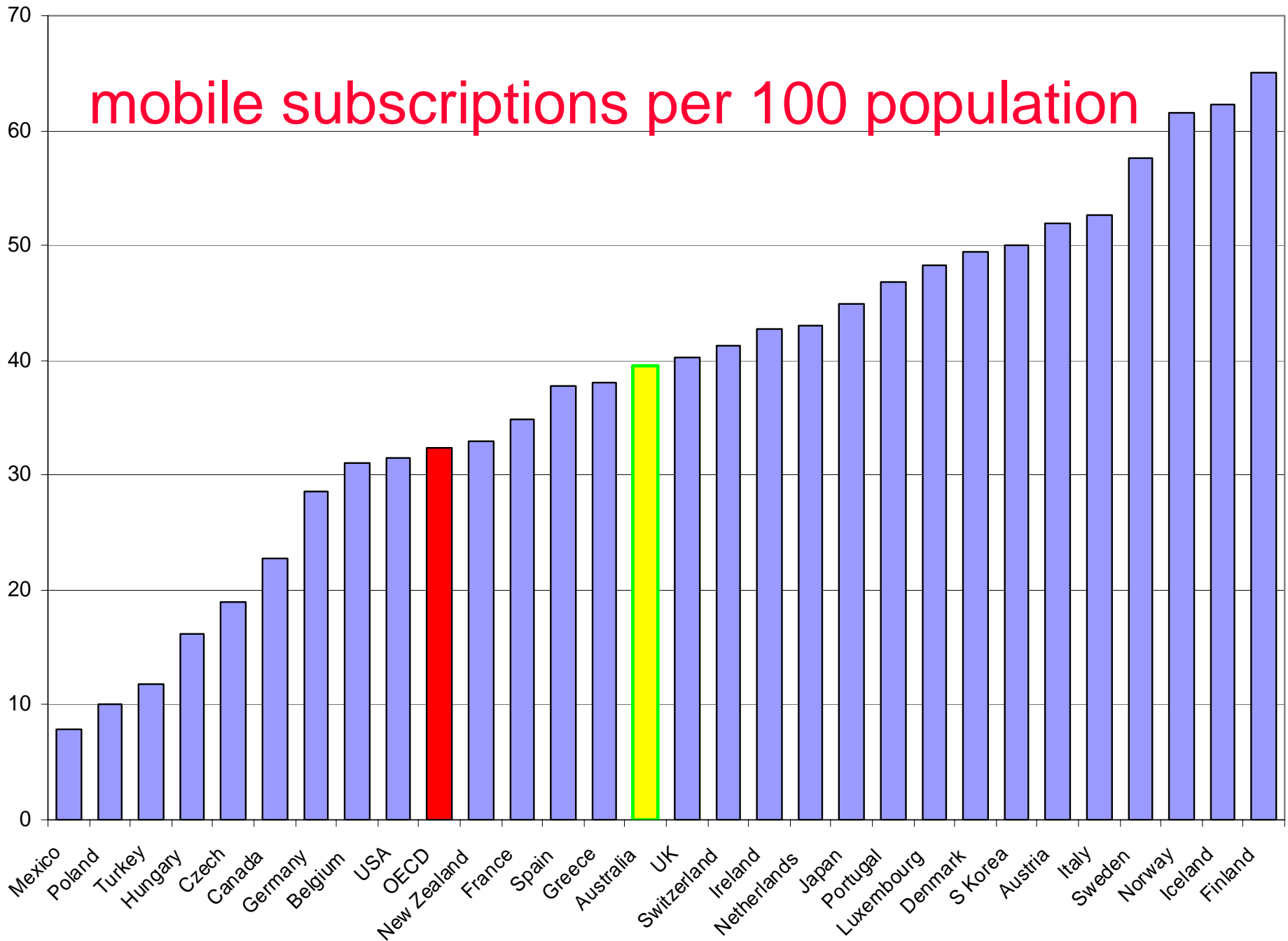


Source: OECD, 2001.

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

INTUG 3G

- 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

- 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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