



Agenda for 2007

**EXTRACT FROM SPEECH BY ACMA CHAIRMAN CHRIS CHAPMAN
TO ATUG 2007, SYDNEY, 7 MARCH 2007**

It is a pleasure to be here at my first Australian Telecommunications Users' Group Conference and the organisation's twenty-third. ATUG has proven to be a worthy representative of telecommunications users in the business sector and in rural and regional areas, and a strong advocate for competition and investment in the sector.

We cannot forget how the sector underpins our economy and our society. Not only would we be lost without the technology, the cost to our economy would be crippling. As ACMA's *Communications Report 2005–06* reported, by adding the effects of the reforms and subsequent market developments already embedded in the economy at the end of 2004–05, production in Australia was estimated to be around \$15.2 billion higher in 2005–06 than it would have been had the 1997 telecommunications reforms not occurred.

Two decades ago, we relied on the fixed line copper wire for all our telephone calls—the plain old telephone system, owned by a single entity using a single physical platform to transmit voice. This fully integrated business model was centrally controlled and highly regulated. The service provider took care of everything from the line to the handset, any repairs in between and billing.

The emergence of the mobile phone rocked the boat a little with the injection of some competition dynamics, and we then moved into the uncharted waters of a co-regulatory system. The deregulation of the market in 1997 enabled multiple services over multiple networks, new business models and provided greater choice, multiple providers and extensive competition. The mobile industry has, to date, demonstrated maturity and responsiveness in tackling issues without too much regulatory intervention. The co-regulatory process has been a useful contributor to the success of this sector.

Along with new technologies and benefits though, there come new associated problems, for example, spam and unwelcome telemarketing calls. The government and regulatory responses to nuisance communications include the Spam Act and strong action under it, and the Do Not Call Register.

However, technology has moved on. We have the internet protocol, and internet protocol telephony services. These VoIP services present us with many questions that need to be considered. And we are increasingly moving towards a much more integrated world, where 'everything over Internet Protocol' (EoIP) may soon be possible.

Those companies and service providers that have

operated in the internet environment and are now extending their reach into the telco sector do seem to have a different mindset. Such a blending of approaches and culture will inevitably present challenges—whether the regulatory obligations that apply to fixed calls should apply also to internet protocol telephony suppliers, what quality of service considerations should be considered. Industry will need to figure out how consumer expectations will be met by new services.

ACMA's approaches are founded on two dispositions. Our first is to deal with the issue, not the technology. This means focusing on matters such as interconnection, billing, privacy, quality and emergency calls, rather than on VoIP as a technology. We will attempt to structure the regulatory incentives so that, as much as possible, industry will sort out the way it achieves public interest outcomes. Encouraging industry codes, rather than industry standards mandated by ACMA, is the preferred starting point. What are the basic features of voice services that the community will be concerned about? What aspects of voice services will need to be protected or guaranteed? We need industry to lead the debate and be actively involved in implementing solutions where needed.

Our second disposition is to create, together with industry, an environment that meets the needs of both business and consumers, while encouraging innovation and flexibility and addressing the regulatory questions this sector invariably poses for ACMA.

Anne Hurley, Chief Executive of Communications Alliance, recently wrote to me about the current arrangements for standards development, the increasing convergence between telecommunications and radiocommunications and several not unrelated developments. These include Australia's increasing role as a 'standards taker' not a 'standards maker', and a marked decline in the Australian industry's funding of representatives to attend the international fora where standards are developed.

The Australian communications experience is heavily influenced by overseas developments.

Helping to put Australia's views, staying across the outcomes of influential standards-setting bodies and sharing experiences with other regulators is crucial to ACMA's ability to regulate the converging communications environment. We have a significant profile within the international communications community, ranging from leading Australian delegations on standards setting and spectrum management, contributing to policy and regulatory forums on online content and broadcast classification standards, to building regulatory capacity for developing economies on issues where Australia has experience, for example, spam, spectrum management and content.

INTERNATIONAL ENGAGEMENT

In particular, ACMA has identified the following five strategic subject matters on which its international engagement strategy for 2006–08 is based.

- **Spam**—reducing spam is vital to the effective running of the Australia economy and, with more than 99 per cent of spam generated offshore, a collaborative regional and global strategy is needed.
- **Global and regional standardisation**—Australia is a standards and technology taker, so ACMA's aim is to ensure Australian consumers have access to cutting-edge technologies and that Australian specific requirements (like access to triple zero) are reflected in standards development.
- **Converging platforms, applications and technologies**—a key issue facing regulators everywhere is how to regulate emerging technologies in a manner that balances innovation with suitable safeguards for consumers. As next generation networks and VoIP become prevalent in Australia, our involvement in international fora will help guide ACMA's approach to regulation.
- **Online and convergent content**—delivering content over a range of devices allows consumers to access it in the way that suits them best, but it also raises concerns that vulnerable members of the community, including children, can access inappropriate content. ACMA works with other international regulators to develop mechanisms that increase the safety of children online.
- **Spectrum harmonisation**—a significant part of ACMA's role in managing Australia's spectrum is working to ensure regional spectrum harmonisation to enable the Australian community and communications industry to reap the benefits of technical innovation.

ACMA'S PLANS FOR 2007

Major projects this year that may impact on

telecommunications service providers and users include:

- **Spectrum for wireless access services**—there is not enough available spectrum to support wireless access services, which is inhibiting some wireless ISPs and risks being a handbrake on the industry's future. Wireless ISPs play an important role in making broadband available in regional areas. ACMA has developed a strategy to ensure spectrum is available to meet current and future demand using technology-flexible arrangements—identifying the most suitable frequency bands for wireless access services and the potential impact on incumbent services, including government use of spectrum, and the best options for allocating and licensing these services.
- **Ensuring equivalent coverage for CDMA users**—it has been a long-standing objective of successive governments that consumers in regional, rural and remote regions should reap the benefits of the introduction of new technology. We are advising on equivalence of coverage as part of the minister's working group on the closure of Telstra's CDMA network and its replacement by a new 3G network. The national coverage audit of the CDMA network has now been completed. A second national audit will test coverage of Telstra's new 3G network once it is fully deployed, expected to be in the final quarter of this year.
- **Consumer protection**—a key outcome by which ACMA should be measured is how well it has provided a regulatory environment that supports innovation and responsiveness, and balances it with consumer and community protection ... the important work that engages us as we work to protect the consumer in the converging communications world—in fact, we devote upwards of 26 per cent of our budget to this purpose.
- **Do Not Call Register**—the Do Not Call Register will allow consumers to register their fixed or mobile numbers and effectively block calls from non-exempt telemarketers. We have selected Service Stream Solutions Pty Ltd to build and operate it by our delivery date of no later than May. We are assessing comments on a draft determination on arrangements for telemarketers accessing the register and on a draft telemarketing standard. ACMA will continue to be responsible for overseeing the operation of the register and investigating breaches of the legislation.
- **Consumer Fraud Taskforce**—ACMA is part of the Australasian Consumer Fraud Taskforce's campaign, with the key message that consumers

are their own best defence from scams through emails, text messages and phone calls—if you're unsure about a call, hang up, if you're unsure about an email or text, don't respond, delete. And if an offer sounds too good to be true, it probably is.

- **Anti-spam activity**—spam has been a huge problem for internet users. It disrupts email delivery, clogs up computer systems and wastes everyone's time. It's also a popular means for scammers to get their dubious offers to millions of internet users. ACMA has vigorously enforced the Spam Act with some positive results—late last year, a major Australian spammer received penalties of \$5.5 million imposed by the Federal Court. Consumers need to continue to be wary of spam. There are tips on the ACMA website that has tips and SpamMATTERS software that enables you to delete spam and report it to ACMA at the same time, which informs our back-end forensic work.
- **Integrated Public Number Database**—to address concerns about the inappropriate use of IPND data, ACMA is developing a scheme for authorising access. We will assess applicants who want to access IPND customer data for the purposes of research or to publish and maintain a public number directory against a set of access criteria. We released a draft scheme in late January and hope to finalise the scheme by Easter.

RESEARCH

When it comes to understanding consumer expectations, we want ACMA to be in a sound position to inform debate, influence policy, and not be distracted or subverted by myths and misconceptions. We are currently undertaking research with both business and residential users to better understand the demand side of the telecommunications market. It will look at factors affecting consumer take-up and use of telecommunication services in metropolitan, regional, rural and remote Australia to improve our understanding of consumer expectations.

This research is part of a broader program to fulfil the expected data and research needs of the Regional Telecommunications Independent Review Committee (RTIRC), which is scheduled to start the next review into the adequacy of telecommunications services in the bush by the end of 2008. The other elements of this work include monitoring the availability and quality of service of broadband services, and the attitudes of consumers.

ACMA now has the platform in place for a systematic horizon-scanning program as part of our

research strategy, to help us better understand and respond to changes in the market and technological and social developments that may test regulatory frameworks. Our research includes the following:

- Tracking developments in deployment and use of broadband and IP-based convergent services and next generation networks. These developments raise questions about the relevancy of service or sector specific regulations and the possibility of new access/information accessibility obligations. The future of voice is presenting itself as a particular area of strategic research.
- Developing a more comprehensive understanding of Australian media literacy levels, especially in new media and their economic and social impacts. This will be of particular interest in shaping our approach to emerging user issues. This research includes the impacts of digital content creation, distribution and access. Increasing use of bandwidth-hungry applications and broadband take-up raises questions about network dimensioning and traffic management technologies and practices.
- Gaining a better understanding of how the internet works will help us interpret and better understand problem areas like malware, cyber-crime, controls over access to and use of personal information, network integrity and the pressing need for better, more focused international cooperation to achieve effective enforcement. When the Spam Act came into force in April 2004, Australia was in tenth place in the Sophos list of spam-relaying countries. By 2005, we were twenty-first and, in 2006, twenty-eighth. Australia now accounts for just 0.52 per cent of global spam, down from nearly one per cent in 2005—impressive when spam rates are increasing and upwards of 90 per cent of all emails are now spam.

Our constant scanning of the horizon for emerging issues, our engagement with the international community and our key projects are all examples of ACMA putting itself in the best possible position to work constructively with this sector. We are committed to encouraging innovation, which in turn flows on to improved efficiency, increased productivity and heightened benefits for users. My own intentions for this year include stoking up the transformation program that ACMA needs to undertake. That program, successfully prosecuted over the next several years, will fashion an organisation better equipped to adapt to the changing environment.

The full text of Mr Chapman's speech is on the ACMA website at www.acma.gov.au (go to About ACMA: News & media centre > Speeches).