An access regime that does not care whether an access provider is vertically integrated or structurally separated is blind to a significant factor in successfully achieving open access.

– Ross Kelso, TJA Vol 58 No. 1

The time for structural separation of the existing Telstra fixed network business, in the interests of achieving a far better level of competition in the broadband market, is probably over. The ideal recent time to do it was via the legislation passed in 2005 for the sale of the final tranche of government shares in Telstra; and it didn’t happen.

Given Telstra’s subsequent record of stroppy behaviour whenever it failed to have its own way with government, one can understand the reluctance of past and current Communications Ministers to force the issue. It would take a Minister of great courage (as Sir Humphrey would say), as well as dedication to the national interest, to take the OfTEL (UK), Singapore or New Zealand route, i.e. to stimulate the incumbent to ‘pro-actively’ implement structural separation of its wholesale fixed network business to avoid an externally imposed solution...

However with $4.7 billion of taxpayers’ money on the table to support roll-out of a new National Broadband Network (NBN), many independent observers are concerned that this bonanza could be used to cement in place a vertically integrated Fibre to the Node or Premises carrier, controlled by Telstra, that would undermine any effective retail or wholesale competition in fixed-line broadband services for decades.

For that reason – as well as the UK and NZ precedents – the concept of structural separation has gained a new life as a policy option in Australia. If the Federal Government’s quid pro quo for funding $4.7B towards the NBN is an insistence that the NBN be run as a wholesale only business, with transparent parity of charges to all retail service providers, then the benefits of retail competition would be protected into the future.

Not all agree with this approach. Some independent commentators maintain that vertical integration provides the only solid motivation for a network operator to co-invest in what has been described as the largest infrastructure investment in Australia’s history, and that there are other ways – e.g. price control – to deliver good outcomes to end users. In this issue of TJA, three out of eight authors writing on structural (or functional) separation in the telecommunications sector support a vertically integrated solution; only one of these works for the incumbent carrier, Telstra. Three others come out in favour of structural separation, two quite strongly. Two other papers, in reporting on the European experience, are content to weigh up the pros and cons. A ninth paper compares integration versus structural separation historically in the broadcasting industry, and provides a useful typology. I’ll leave it to the readership to work out which paper fits into each category.

In addition this issue contains a most original paper by Robert Morsillo on the application of cultural analysis and intelligent design to rethink the ‘standard telephone service’ for indigenous
communities; and a review by David Lindsay of the recent High Court decision which rejected Telstra’s application to declare much of the telecommunications access regime as being unconstitutional. And check out Liz Fells’s ‘industry personality’ interview with David Spence, whose impressive career has included being founding CEO of both OzEmail and Unwired – building both companies from scratch to the point that they could be successfully sold, the first for its large customer base, the second arguably for its expertise and spectrum licence.

In the background to the production of this issue, Professor Reg Coutts and his allies within both the TSA and ACS have been doing a great job in negotiating the transfer of the Telecommunication Society of Australia’s activities, including this Journal, to the much larger Australian Computer Society, as part of a two-year process of operational integration. The aim is to make this transition as seamless as possible, including the continued use of the acronyms TSA and TJA (and the full names they stand for) into the future. We are witnessing the operational integration of the two societies to form a single organisation serving ICT professionals – across many disciplines – in Australia.

I warmly commend the outgoing TSA Board members, and the members of the ACS Telecommunications Board, for creating a new reincarnation of the 134-year-old Telecommunication Society of Australia within the ACS, that can continue to serve the industry well.

Peter Gerrand, Editor-in-Chief