



Australia's National Communications Infrastructure: A Governance Assessment.

Australia's approach to planning and delivering its telecommunications infrastructure is failing. A new approach is required.

Regulation: the problem, or a symptom?

Sol Trujillo seems to want us to believe that Telstra's market value and performance prospects are a consequence of inappropriate regulation. He seems to be saying that Telstra should not be made to share its infrastructure, and that Telstra should not bear an obligation to the bush. For many, his words ring hollow. Telstra is often seen as fat and lazy, contemptuous of the needs of its many less powerful customers, and resistant to change. Years of appallingly bad technology decisions have left Telstra and Australia with outdated, inflexible and unreliable National Communications Infrastructure. Now, Telstra is baulking at the prospect of having to fix the problem.

But the problem does not lie just with Telstra. Successive governments and regulators having failed to appreciate that Australia's prosperity is utterly dependent on a National Communications Infrastructure that allows all Australians to connect to each other, to their wealth generating assets and to the world.

The National Communications Infrastructure (NCI) is the entire collection of copper wires, fibre cables, radio and microwave transmitters, satellites, switches and software that underpins everything from the humble telephone to the most advanced wireless broadband links. From a planning perspective, the NCI looks like a mess.

From the dawn of telecommunications in Australia, Telstra and its predecessors have been the stewards of the NCI. As the incumbent major investor and dominant competitor, Telstra has been responsible for planning and delivering Australia's NCI. But Telstra's decisions seem to have been driven by short term and anti-competitive priorities, rather than any clearly articulated vision of a truly connected Australia.

A framework for asking (the right) questions

Australia's National Communications Infrastructure and Telstra's stewardship of the NCI fail the test when examined using our world-leading standard for Corporate Governance of Information and Communication Technology. Known as AS8015:2005, this standard was developed to guide all Australian organisations, with a view to increasing the prospects that their use of ICT would prove efficient, effective and acceptable. Considering the current debate, it's not unreasonable to use AS8015 as a lens to test what's been happening. The perspective it gives suggests we have much to do before we can be confident in Australia's future communications.

Assessment of Australia's NCI does not involve just Telstra. Telstra is a technology provider, and AS8015 tells us that others should be setting the agenda – driving the efficient, effective and acceptable use of technology from a requirements perspective. The Australian people, our businesses and other organisations, and our governments collectively define what we require from our telecommunications companies – and expect them to deliver. As the largest incumbent, with the dominant infrastructure, we expect Telstra to understand and deliver not only our current requirements, but our future ones. And we expect Telstra to do so with a very clear appreciation of its social responsibility – to treat all Australians – including businesses, with dignity and balance.

AS8015 sets out six principles for governing the use of ICT. Clearly, the NCI is the "Big C" in ICT, and the principles apply. But when we look closely, we can conclude that they have not been applied well to date. A new approach is needed to ensure that Australia's future NCI is fit for purpose.

Who sets the agenda?

Principle 1 in AS8015 is about responsibility. It says that clearly understood (and by implication, appropriate) responsibilities for ICT must be established. In terms of the NCI, we haven't done this. The technology providers should not be responsible for setting the agenda – because it's their job to deliver to the agenda. Letting Telstra set the NCI agenda is comparable to setting foxes in charge of henhouses. Telstra's litany of short-sighted and anti-competitive decisions about infrastructure have frustrated consumers and competitors alike. Now they are hurting Telstra too, and deservedly so. The responsibility principle isn't just about delivery – it's about planning as well. Australia's plans for the NCI should be driven by a well formed, clearly articulated vision of a connected Australia, that takes into account a proper understanding of how technology is evolving, and the opportunities that are emerging. Australia needs a new, independent approach to form and articulate the NCI vision and agenda.

Does the plan fit the need?

The second principle is more specific about planning – it says that ICT must be planned to best support the organisation. In this case, the organisation is the Australian nation – all of it! Do we see evidence of good planning in Australia's current NCI? Certainly not! The consequences of under-investment are becoming obvious.

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And the proposed solution – a national broadband rollout – is at best short-sighted and simplistic. Wire based broadband has limits regarding accessibility – and there are many barriers to universal broadband in both copper and fibre networks at present. Wireless broadband and satellite may be options – but have they been assessed properly? And what will happen to the investment in these technologies when the physics labs deliver the next breakthrough? Technology is evolving at a dramatic rate and whatever we commit to installing today will need careful management to maximise its life without compromising future developments. Australia's plans for the NCI are missing the point – that continuous evolution is essential and that base technologies must evolve too.

A question of validity

AS8015 says that ICT must be acquired validly – in the right way, for the right reasons. Has Telstra delivered Australia's NCI for the right reasons, in the right way? Probably not! Under-investment and technology choices have limited the availability of contemporary (but by no means leading-edge) broadband services, frustrating both consumers and competitors. Telstra's wholesale pricing, combined with its perceived weak performance in service activation and fault repair has driven competitors to invest in parallel infrastructure. The total investment to date in the NCI may have been sufficient to deliver Australia world-leading communications. But competitive behaviour has focused it in areas where there are high revenues and thus high margins – giving us an NCI that is over-delivered in some areas and chronically under-delivered in others. Surely this cannot be seen as a valid result!

Australia needs a new approach to planning and delivering the NCI. Fundamental decisions about its design should be made with foresight, pragmatism and common sense. Hiving off the wholesale portion of Telstra may be a good start to achieving this – but it's probably not the complete answer. The answer does need to recognise that there are now several infrastructure providers, and they should work together in the national interest, while remaining individually viable and effective.

Standards of performance

Principle 4 says that we should ensure that ICT performs well, whenever required. Some will say that Australia's NCI performs well – others will say definitely not! Basic and long-established services are generally good in areas where revenue and population density sustains good maintenance. Weakness emerges when we look at regions that don't produce compelling revenue – the same regions where competition is a lesser factor. However, there are more dimensions to performance than merely reliability and serviceability. Ability to deliver, to support and maintain are also important – as is the time taken to bring new capabilities on stream. Current circumstances suggest that Australia has been slow to retire obsolete infrastructure and far from fast at adopting and implementing the infrastructure for new technologies.

Compliance with rules

In Principle 5, AS8015 says: "Ensure that ICT conforms with formal rules". Well, we have rules and regulation aplenty when it comes to Telstra and the NCI. The regulatory regime has enabled competition, and Telstra has on several occasions felt the sting of the regulatory enforcement regime. But the rules that we have in place today have not delivered us the efficient, effective and acceptable NCI we desire. They have not ensured that we have deployed the appropriate technologies at the right time, in the interests of the national need. They have not driven quantum improvements in service delivery and performance.

Australia's NCI rule-book should be re-written, to ensure that the infrastructure investors and the retailers balance their shareholder interests and the national agenda, with efficient, effective products that deliver acceptable standards of performance, flexibility, reliability, resilience, accessibility and cost.

Accounting for the human factors

Finally, AS8015 insists that ICT use should respect human factors. Much of the dissatisfaction being expressed today can be attributed to failure in this area. Australians want mobility – witness our preference for mobile phones over fixed line home and business phones. Yet we are rolling out a broadband infrastructure that ties us to one place – or at best the small area covered by a wireless LAN. Does this make sense?

Australia's plans for the National Communications Infrastructure must take into account the behaviours, habits, aspirations and other realities of the people and organisations that will use it. This understanding must be woven into the fabric of the national vision for the effective, efficient and acceptable use of communications technology in the pursuit of Australia's social, economic, environmental and political goals.