



## ***“Leading a Changing Industry”***

### **Speech by ACIF CEO Anne Hurley at ATUG Conference 2006**

For two days every year our industry comes together at this event under the auspices of ATUG to truly “collaborate, communicate and innovate”.

What this event demonstrates is that, despite the highly competitive nature of the industry in Australia, we are prepared to work together to achieve common outcomes.

For an organisation like ACIF, that is the critical success factor.

It's what allows us to function and it's a factor that I believe is grossly underestimated.

I also believe it is something that there are increasing opportunities for industry to produce collaborative outcomes as we move towards the NGN environment.

As most of you know, the genesis of ACIF was described as “industry self-regulation”.

In practice, that was largely interpreted as developing codes, guidelines and standards.

At a time when Australian telecommunications was emerging from a hundred years of monopoly, there was certainly a need to come up with some hard and fast rules.

The new players needed a framework to build on and the incumbent needed some measures to keep it on track.

So for the first six or seven years ACIF put its head down and churned out countless codes of industry practice, operating guidelines and technical standards.

Then we went back over them and revised them again and again.

You start at one end and by the time you've finished, you have to go back and do it all over again.

But there is a limit to the benefits you can achieve in that way.

It becomes an exercise in diminishing returns.

Now that the basic rules are in place and the players in the industry have learned how to work together, ACIF has adjusted its priorities.

We are moving away from an obsession with writing new rules.

Instead, we want to ensure that where there is a rule, the industry knows that it exists and what it means.

So we are arranging workshops to help companies understand their obligations and we are developing programs to help them comply.

However there is also a much deeper change in the way we see our role and the future of our industry.

Let me say quite categorically that although I am speaking in the Policy and Regulation Session, ACIF no longer sees itself as a regulatory body.

The term "self-regulation" in our context has become a misnomer because what we are really about is not regulation, but responsible industry behaviours.

If the first phase of ACIF's existence was like a teacher laying down the rules, we believe the industry has now graduated from the classroom and needs to be treated more like an adult.

It's time to stop talking about enforcing good conduct and instead talk about adopting responsible behaviours which are, in effect, just good business practice.

In an industry like ours that relies on cooperation and interconnection, companies that aren't prepared to work together cooperatively, won't be able to provide the level of service their customers require and they will pay the consequences.

Their customers will go elsewhere.

As I'm sure we will hear time and again over the next few days, networks and products are no longer the differentiators.

Customers are staying or going because of service.

Therefore I believe our industry is now sufficiently mature and the market is diverse enough to allow good business practice to determine many of our industry behaviours without recourse to proscriptive action.

Another factor that makes the old approach unacceptable today is the pace of change.

The painstaking task of developing a detailed code or standard often requires years of discussion, deliberation and negotiation.

For example when I joined ACIF in 2004 there were a couple of codes that had been locked in the development process for as long as five years.

These days, when people talk about technologies changing "in Internet time", who can afford to wait five years for a new code?

Rather than maintaining the painstaking processes that try to dot every "i" and cross every "t", surely it would be of more help to the industry if we produced timely outcomes they can use right now.

That is certainly the approach we are adopting with VoIP and the Next Generation Network issues.

We are using the collective wisdom of the industry – including the new players who don't have a traditional telco background – to tackle the most pressing issues.

Rather than wait for government to mandate solutions, we convened a VoIP Summit in 2004.

That Summit identified some priorities that needed urgent attention and we set about devising solutions.

One of the first initiatives was development of a fact sheet for VoIP providers setting out a range of information they needed to tell their customers and prospects.

That included some basic facts about the difference between a VoIP service and a traditional phone service.

Because many of the VoIP providers were not familiar with the industry's regulatory framework, the fact sheet also explained their obligations in that regard.

A second fact sheet addressed the issue of emergency services access with relation to VoIP calls.

It informed VoIP providers about what they needed to do to assist the 000 operator to identify a VoIP call so that emergency services could be dispatched to the correct location.

A third fact sheet is currently being finalised and it covers the issues around the security of VoIP services.

A draft version of the VoIP Security Fact Sheet was tabled for discussion at our second VoIP Summit, which was held last December.

What was particularly gratifying about that event was the upsurge in the level of interest and participation.

Attendance substantially increased compared to the first summit 12 months earlier and could easily have expanded much more except that we had limited space in the venue.

As it was, we had to turn people away and it was literally standing room only.

Another pleasing aspect was the diversity of the attendees and the involvement of companies that had not previously been associated with ACIF activities.

Their participation at the Summit and the fact that companies like Engin and Agile have since become ACIF members, has given our VoIP initiatives a tremendous boost.

As a result of the feedback we received from the Summit, a revised version of the VoIP Security Fact Sheet is now being finalised and it will be published shortly.

The Summit also looked at a number of more substantial issues, mainly related to interconnect and quality of service.

Consequently, we commissioned the well known analyst Shara Evans to write a series of discussion papers on VoIP QOS and Interconnect.

We are also developing a Taxonomy – or dictionary – of VoIP terminology to help customers understand the language used in VoIP offerings.

These and a number of other initiatives that flowed from the Second VoIP Summit are now being discussed by ACIF's VoIP Working Group.

That Working Group has broad industry representation and is charged with devising timely and proactive strategies for keeping the industry abreast of developments in VoIP services.

Another advisory group with a broader and more ambitious charter is the ACIF Convergence Group.

The Convergence Group was established in August last year to consider the issues posed by the converged regulatory and technical environment.

In forming the new group, ACIF sought to draw membership at the highest level from the widest industry sectors.

As well as the traditional telecommunications sector, there are representatives from broadcasting, content providers, internet service providers, regulators and consumer organisations.

The Convergence Group and the VoIP Working Group have already done some good work focussing on the issues identified by the industry as needing attention.

What we need to do now is to ensure that we have a co-ordinated industry strategy for the transition to NGN IP-based networks.

We need a vision and a framework that encompasses commercial, technical and operational issues.

And we need to bring all stakeholders in the telecommunications industry together to develop the vision and framework.

Last year in the UK, Ofcom proposed the creation of an industry body to undertake that task and commissioned consultants to outline the purpose, scope and mechanics of a new NGN body.

Many of the recommendations bear a passing resemblance to the industry body which is ACIF.

But what is new and constructive is the focus on the development of an overarching framework for the transition, as well as the identification of a strong need to speed up the debate on commercial principles for the transition.

The consultants' report identifies the strategic and operational questions the new body may have to address as follows:

- Commercial principles
- Interconnection architecture
- Service development (retail)
- Service development (wholesale)
- Transition and implementation
- End-user communication.

As we move forward with our VOIP and Convergence work in Australia it's fair to say we will need to answer similar questions in order to develop our strategic framework.

In doing so, it is critical that we move forward together and seek out input from across our industry as well as other sectors that can provide valuable input.

That is one of the hallmarks of the way ACIF now operates.

Not only are we attracting new members from non-traditional areas, but we are taking great pains to consult and work with like-minded organisations in other parts of the industry and beyond.

As well as collaborating closely with ACMA, the ACCC, the TIO and DCITA, we have developed good relations with SPAN, AVOIPA, Free TV, ASTRA, IIA, AMTA and TISSC as well as organisations in industries such as banking, financial counselling, direct marketing and even the energy sector.

It's particularly instructive to see the way some of the industry bodies work in other sectors.

I believe we can learn from them and vice versa.

For example, the banking and energy industries have some interesting practices in the way they handle complaints.

They have mechanisms that help them go behind the raw statistics, define the underlying issues and work with their members to improve customer service levels.

As you are aware, the TIO scheme is being reviewed this year and ACIF is keen to see if our industry could adopt any of the approaches that work successfully in other industries.

In doing so, we have done a lot of work trying to get an understanding of what the complaints to the TIO are all about.

We are coming at this issue largely from a compliance perspective -- less about numbers and more about understanding behaviours that may need to be changed.

What we would really like to achieve is much more collaborative interaction with the TIO.

One possible scenario would be a mechanism whereby the industry could let the TIO know in advance about an issue that was likely to cause a spike in complaints and explain the context of the issue.

The other side of the coin would have the TIO approach the industry, either individually or through ACIF, to raise the alert so the problem could be addressed while it was still current.

An example of where this is already happening is the Energy & Water Ombudsman of NSW who distributes the complaint statistics to its members on a weekly basis.

This means that the Scheme's members have an insight as to the issues and can act immediately.

If this sort of collaborative approach was adopted by the TIO, our industry could be more responsive to problems that are generating consumer angst.

At the same time it would help the TIO to collect richer data by, for instance, suggesting extra questions for callers that might explain their complaints better.

It is clearly in everybody's interests if the complaint system can be used to respond to the underlying issues rather than merely track numbers that paint a dismal picture of the industry.

Getting back to banking and energy, we have also worked with both of those industries in the development of financial hardship policies.

That was part of the process for revising the Credit Management Code, which was published just over a month ago.

The revised code requires all telecommunications carriers and carriage service providers -- including Internet service providers -- to take steps to prevent their customers from getting into financial difficulties.

Where these measures fail, the companies must have a financial hardship policy that gives customers the opportunity to pay off their debts without losing their service or being reported to credit ratings agencies.

Because the code addresses a range of important community concerns, ACIF is keen to help companies understand how these new measures can benefit both the industry and consumers.

So we arranged a series of workshops in Sydney and Melbourne to explain the changes to the Credit Management Code and also the Customer Transfer Code.

The Sydney workshop took place a couple of weeks ago and the one in Melbourne is scheduled for this Thursday.

The workshops are free and if anyone here is interested in attending the Melbourne session, let me know and we'll try to squeeze you in.

As I said earlier, we are ramping up our efforts to concentrate more on helping companies understand the rules rather than continually developing new ones.

Apart from the workshops, we are developing a compliance kit for ACIF members to help them come to grips with the tasks required in complying with ACIF codes.

That's not really an issue for the larger players who have sufficient internal resources and experience.

It's more targeted at the smaller providers and the emerging players who are unfamiliar with the regulatory framework.

We now have a fulltime Manager of Compliance and Policy who is responsible for helping us promote the benefits of having a compliance culture within companies.

The need to ensure compliance is especially relevant to the consumer codes because they affect the largest number of users.

They also tend to have the greatest impact on the smaller players in the market who, as I said earlier, are less likely to understand their compliance obligations.

The Consumer Contracts Code and the Prices, Terms and Conditions Code have introduced a range of consumer protections that are unique to Australia.

By mandating the fairness and intelligibility of telecommunications contracts, Australia was the first country in the world to enact industry specific rules in this area.

The Prices, Terms and Conditions Code adds to that level of protection by ensuring that consumers have sufficient accurate information to make informed decisions before signing contracts for fixed or mobile phone and Internet services or products such as handsets, answering machines or modems.

One of the significant contributors to the development of those codes was the participation of consumers in the development process.

It's fair to say that ACIF has had a chequered history with regard to consumers.

In the past we received criticism from some groups about opportunities for consumer participation in ACIF processes.

Consequently we commissioned consultants Morgan Disney to review our processes and to recommend the most effective way for consumers to participate in ACIF outcomes.

Those recommendations have recently been received by the ACIF Board and the Consumer Council, and the development of a new consumer participation framework is likely to be the outcome.

In addition, we have decided to co-sponsor an annual consumer congress with ACMA.

The ACIF Board has also undertaken a detailed review of our strategic direction and we are now developing a series of action plans for the next three years.

The new strategic direction reflects the view that ACIF has a greater role to play in identifying and resolving industry issues.

This approach is articulated in our revised mission statement which is:

*To provide leadership through a neutral forum, independent of individual interests, in which all Australian communications industry stakeholders cooperate in the development of initiatives that foster the effective and safe operation of networks, the provision of innovative services and the enhancement of consumer outcomes."*

There is also a greater emphasis on being forward looking, rather than reactive.

You will note that there is no mention of codes or standards, nor do you see the term "industry self-regulation".

That is because we believe the key to solving the industry's problems and ensuring the best services for customers is to look beyond the concept of regulation.

As I said at the beginning of my talk, it is really about responsible behaviours that are also good business practice.

Because of its make-up and the way it operates, ACIF offers a unique opportunity for companies who are erstwhile competitors to sit around a table and resolve issues before they become problems.

There are certainly some prickly issues confronting the industry but we have tackled some hard issues in the past and reached consensus.

I sit in on meetings almost every day where the parties start out with diametrically opposed views and eventually they reach resolution.

They realise that if they can't sort things out amongst themselves, then they risk having an imposed solution that might be at least unpalatable and at worst, unworkable.

The success of an initiative like the Mobile Number Portability Scheme demonstrates on a regular basis how these issues can be resolved.

On the face of it, there is not a lot of incentive for service providers to make it easier for their customers to migrate to another network.

But they have come to realise that the churn works both ways and that a trapped customer is an unhappy customer.

So it's just good business practice to make the system work as well as possible.

Another area where we are placing increased emphasis is our advocacy role in policy issues and discussions on behalf of our members.

Over the past few months we have put submissions to government on a number of issues including the SPAM Act Review, the government regulation taskforce, the Do Not Call Register and the ACCC Fixed Network Services to name but a few.

We are also finding ourselves being sought out on a regular basis for discussions with government and regulatory officials who are keen to get an industry perspective on a range of matters under consideration.

So ACIF is no longer just concerned with regulation.

We want ACIF membership to offer much more than just the chance to sit around a table helping to churn out codes and standards.

We want ACIF to be recognised as a voice for Australia's communications industry.

As a champion of world's best practice in industry self-governance and accountability.

As an organisation that offers a unique environment for identifying emerging issues and tackling them head-on.

When we come together again at next year's ATUG Conference I expect to have some significant milestones to point to.

And hopefully I will no longer be talking in the Regulatory Update section but under a new heading like "Industry Development".