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Media Release

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## **Calls for separation separated from reality**

Telstra's Executive Director for Regulatory Affairs, Dr Tony Warren, today said the growing consensus of regulators and experts around the world that separation doesn't work demonstrated the need for the regulatory debate in Australia to be refocussed.

Dr Warren said one of the world's leading telecommunications policy experts, Mr Kip Meek, made clear overnight that separation is an extreme regulatory response that has no place in the current National Broadband Network (NBN) process.

Mr Meek, head of the UK Broadband Stakeholders Group and previously the OFCOM Commissioner responsible for the separation of BT, told an International Telecommunication Union conference in Bangkok yesterday that the current focus on separation in Australia is a distraction and that the real issue was ensuring equivalent access to the network.

In an article in Communications Day, Mr Meek is quoted as saying: "If the exam question is, 'in the context of next generation broadband network being deployed by Telstra, what do you need to do to preserve competition?', then I wouldn't start from ... a greater degree of separation. Where I'd start from is, how is it we can ensure equivalence in the post NBN environment? That was actually what was envisaged in the tender documentation, I think that's the place conceptually to start from. Government regulators really need to look at it from that perspective."

On the impact of separation on investment, Mr Meek said: "If you have completely structurally separated business then that issue of investment coordination, particularly when it comes to new, very risky markets, is a big issue. The further you go down towards structural separation, the more that argument carries weight."

Dr Warren agreed, stating calls for separation were nothing but a provocation and a distraction as those making them knew that Telstra would not bid if separation was a condition of the network.

"While we mess around talking about separation our eyes are off the main game: getting a regulatory solution that will encourage the investment needed to get the NBN built," Dr Warren said.

"One international expert after another has looked at the Australian debate and come to the same conclusion: stop looking backwards to yesterday's tools for yesterday's problems and start asking how you are going to ensure competition while bringing on new investment.

"It is clear that we need a new framework that protects competition through an open access regime policed by the ACCC but that also underpins the regulatory certainty and scope for competitive returns that investors need.

"Telstra is committed to open access. Telstra is committed to getting the NBN built if the regulatory settings are right. The people that instead want to talk about separation are simply seeking to delay the shift to high-speed broadband networks as it suits their own narrow commercial objectives," Dr Warren said.

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