

Luke Coleman, CEO Comms Alliance

Speech to CommsDay Wholesale Congress

9:25am, Tuesday 15 October 2024

Good morning everyone, it's great to be here speaking at my first CommsDay Wholesale Congress since being appointed as CEO of Communications Alliance.

A big thanks to Grahame and the CommsDay team for providing me with the opportunity to speak.

Today marks my one-month anniversary in the role, and as my first public speech representing Comms Alliance, you might expect me to educate you on the many co-regulatory processes underway, the various technical codes being revised, the raft of new customer protections being advanced, all of which make up the day-to-day work of the organisation.

But I'm not going to discuss any of those things.

No, today I want to speak to you about securing the future of the telecommunications industry.

Because the success of Comms Alliance can only be measured by the success of the industry overall.

My remarks today come in three simple parts:

First, we must identify the problem: what needs to be fixed to secure the future of our industry?

Second, what do we need to do to fix it?

And third, how are we going to do it?

So, part 1: let's identify the problem.

If we're going to secure the future, we need a frank, "warts and all" assessment of the present.

The past few years have not been easy.

We've been through numerous data breaches and hacks that led to a flurry of new laws and regulations around cyber security, critical infrastructure, and privacy.

We've been through outages which again led to a flurry of intervention activity, including the Bean Review with its 18 recommendations – and a cascade of new regulations

spanning technical requirements to new consumer protections.

We've experienced interruptions to Triple Zero which, no matter how brief in duration, will always make the news because it's a service that Australians place a great deal of trust in.

I highlight each of these examples not to lay blame at the feet of any operator – many of us in this room would have endured the grim reality of outages and cyber breaches.

Any one of these things in isolation would have had an impact on our industry's reputation – but when they all occur in the space of a year or so, the result is a combined impact on trust.

And here's where we get to our problem.

According to the latest Roy Morgan research¹, 2 of the top 5 most distrusted brands in Australia are, regrettably, telcos.

¹ <https://www.roymorgan.com/findings/bunnings-retains-spot-as-australias-most-trusted-brand-while-woolworths-and-coles-slide-down-the-rankings>

Another piece of research, the Edelman Trust Barometer, focussed its 2024 report on technological innovation.

That report found that the number one societal fear in Australia, outside of personal economic concerns, was of hackers, nominated by 78% of respondents².

All of these factors combined, our industry's reputation and influence is at a low ebb.

We've seen new direct regulations, prescribing how we deal with customers facing financial hardship³ and domestic and family violence⁴.

We've seen direct rules imposed regarding how we communicate with customers during outages.

We've seen new anti-scams legislation introduced which would make telcos liable for customer compensation.

And we face ongoing campaigns calling for co-regulation to be scrapped in favour of direct regulation.

² 2024 Edelman Trust Barometer presentation, p11

³ <https://minister.infrastructure.gov.au/rowland/media-release/new-telco-rules-support-customers-financial-hardship-force-tomorrow>

⁴ <https://minister.infrastructure.gov.au/rowland/media-release/better-protections-telco-customers-experiencing-domestic-and-family-violence>

On top of all this, there is a growing chorus of voices in our industry calling out how hard is it to make a sustainable return on investment.

So we've identified the problem: trust is low, regulatory intervention is high – and investors are struggling to make a return.

If we're mapping out the direction for the future of our industry – we have to be honest with ourselves about the position we're starting from.

So now we turn to part 2: what do we need to do to fix it?

Well, we start by focussing our energy on the most powerful person in the industry.

I've been to almost every CommsDay conference over the past two decades, and I've seen plenty of powerful people grace this stage.

At least five Communications Ministers.

Chairs and CEOs of ACMA, Commissioners from the ACCC, the senior brass of the Department of Communications.

CEOs of telcos, vendors, and major tech companies.

If we were to draw up a Power List, there would be no lack of options for the top ten.

But none of those are the most powerful person in the industry.

Because the most powerful person in the industry is: a customer.

If the market settings are right, a customer has the power to drive greater change than anybody else on that list.

Nothing drives a telco to change its behaviour more than the desire to win, and keep, a customer.

And nothing strikes fear into the hearts of executives more than losing a customer.

And every one of us knows a customer has that ultimate power – the power to walk away and choose another telco.

So as we turn to how we secure the future of the industry, our energies must be focussed on the customer.

First, we need to rebuild trust.

I mentioned earlier that today marks one month for me in this role, and I commence from a position of humility – we need to earn our seat at the table.

As an industry which has existed in a co-regulatory environment since the dawn of competition, the onus is on us to prove that co-regulation is the best form of regulation that delivers the best outcomes for customers.

Rebuilding trust means we need to get the basics right and do the hard work – this requires more than a PR campaign.

It will require consistent effort, strong relationships with our stakeholders, and – most importantly – demonstrable results for our customers.

Reestablishing trust is the foundation of rebuilding our reputation.

Second, to secure the future of the industry, we must reestablish a sustainable economic environment that rewards investment.

Our industry is faced with a paradox: at one and the same time, it is increasingly recognised that digital infrastructure is

fundamental to the modern economy – yet telcos report that return on investments are below the cost of capital.

It is increasingly recognised that digital infrastructure is critical infrastructure, yet instead of policies to encourage investment, new rules and regulations are making it harder to invest and make a return.

The ever-increasing weight of new regulatory burdens forces telcos to divert resources away from investing in networks, products, and services.

This is not sustainable.

Telcos will invest when they have a market that enables them to generate sustainable returns.

And this will inevitably result in better networks and services for the most powerful person in the industry – customers.

And this brings me to my third priority to secure the future of the industry: we must prioritise stronger competition – rather than stricter regulation – as the means to deliver the best outcomes for customers.

Competition is the strongest form of consumer protection ever conceived.

In recent years, particularly since COVID lockdowns resulted in millions of Australians working from home, telecommunications has been increasingly described as a “utility” or an “essential service”.

And while I agree that connectivity is essential – there is a fundamental problem with regulating telcos in the same way as other essential services.

Because telecoms is the only utility to operate in a vibrant competitive market, with multiple competitive infrastructure providers, and an even greater array of competitive retailers, offering hundreds of products at price points for every segment of the market.

Look at other “essential services”.

Power is either working, or it’s not.

Gas is either working, or it’s not.

Water is either working, or it’s not.

There is only one variable in your bill – how much of it you use.

It's always been that way, and it's always going to be that way.

Your telecoms service, however, is a lot more complex than that.

In telecoms, customers have a huge range of competitive options available – on your fixed-line NBN service, you can choose an affordable 25 or 50Mbps NBN service, or you can choose a premium 1,000Mbps service – or anything in between.

And if you're not satisfied with that range of options, you've got a variety of alternative networks too.

Because it's more than just product differentiation that sets our industry apart.

If you aren't happy with energy transmission network – you don't have the option to walk away to someone else.

Choosing a retailer is a very different thing to choosing an underlying network provider. The energy company has the power.

Think your gas company charges too much? Too bad! You don't get a choice. The gas company has all the power.

Don't like the service from your water provider? Tough cookies – you can't ditch them for an alternative! The water company has all the power.

But if you don't like your telco? You can walk away and be connected not just to another retailer, but another network, in less than an hour.

Telco is the only “essential service” where the customer has all the power.

Look at our national inflation figures last quarter: one sector – just ONE – had a negative inflation figure: Communications⁵.

⁵ <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/jun-quarter-2024>

It was negative the quarter before that as well⁶.

Health is up 5.7%. Education up 5.6%. Housing 5.2%. Beer and ciggies – 6.8%.

But against a backdrop of an average 3.8% CPI increase, communications was up just 1.4% - that's around a third of the average.

We must prioritise investment and competition – rather than stricter regulation – to deliver the best outcomes for customers.

Every premise in Australia has access to the NBN, and being a national fixed-line monopoly, one would expect it to be heavily regulated – and it is. If you don't like your retailer, you can switch to another almost instantly.

But customers have a lot more power than that.

If they don't like the NBN, more than 99% of premises have the option of mobile broadband instead.

⁶ <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/mar-quarter-2024>

More than 98% have the choice of two different mobile networks, and more than 96% of premises have the choice of three different mobile networks.

And with Starlink now available across 100% of Australia's landmass, the overwhelming majority of premises have five completely independent telecoms infrastructure networks available.

Within a few short years, more LEO Satellite services will be online and competing with Starlink.

It is utterly remarkable that Australia – the sixth largest country in the world, with one of the lowest population densities – still has at least five competitive networks available to at least 96% of premises.

Telco is unlike any other utility or essential service – we are a competitive industry, and that is something that should not be taken for granted.

So, we've now identified what we need to do to secure our industry's future: rebuild trust, reward investment, and reprioritise competition.

And so we turn to part 3: how are we going to do it?

I know I killed the vibe earlier with that “warts and all” assessment of our industry’s influence – it wasn’t exactly a glass-half-full opening.

But now it’s time for a little optimism.

I said at the outset that the success of Comms Alliance can only be measured by the success of the industry overall.

And with that in mind, here are the three pillars Comms Alliance will put in place to secure our industry’s future.

1. Strong consumer protections.
2. Secure and resilient critical infrastructure.
3. To make Australia the best country in the world to invest in digital infrastructure.

So let’s start with the first pillar: strong consumer protections.

Despite the challenges we’ve faced as an industry, there are reasons for optimism.

Just two weeks ago, two separate reports came out from the TIO and ACMA showing that customer complaints are at their lowest in twenty years.

Pause and think about that for a moment. Complaints are at their lowest levels since before the NBN was a thing, before the iPhone, before Facebook, before 3G.

When the transition from copper to the NBN was at its peak in 2018, complaints to the TIO were above 167,000.

Today they're under 57,000, a reduction of more than two-thirds.

Meanwhile, ACMA reported that there were fewer than 900,000 complaints made by customers to their telcos in the last year – that's almost half of the 1.7 million complaints reported in 2019.

To put that those figures in context – Australians use more than 45 million mobile, home phone, and broadband services, meaning that just 0.1% of services were subject to a TIO complaint, and just 2% were the subject of a complaint to a telco.

That is an extraordinarily low number for an industry that Australians trust and rely on every day.

But there is more to be done.

So much of what Comms Alliance does is focussed on strong consumer protections.

We continue to work through a revision of the Telecommunications Consumer Protection, or TCP Code, which sets the rules for how telcos deal with customers.

It covers things like:

- what we can say in advertising and sales information,
- handling bills and disputes,
- the ways customers can pay,
- how to assess credit for new customers,
- and how to help customers switch service providers.

There is a misconception that compliance with this Code is purely voluntary.

While it is true that ACMA must warn telcos to comply before they can take enforcement action, the regulator is a tiger with teeth – and experience shows it's not afraid to bite.

I'd like to thank ACMA for their ongoing engagement in the TCP Code review process.

The professionalism of ACMA staff, and the engagement of the Authority, in strengthening the TCP Code is something we greatly appreciate.

I'd also like to thank the other organisations that have contributed to the work of the Review Committee.

I am confident that the updated Code, when complete, will set a new high standard for consumer protections.

But this pillar is more than just the TCP Code.

Another example is how Telcos are working hard to fight scams.

Our existing Code has resulted in more than 2 billion scam calls and 700 million messages being blocked.

We are engaged in the Government's Scams Prevention Framework legislative process to further enhance these protections, along with preparing to introduce the SMS Sender ID register and reforming rights of use for numbering.

The second pillar is secure and resilient critical infrastructure.

There is much more to this pillar than just the Security of Critical Infrastructure, or 'SOCl' Act, or the Cyber Security Legislation Package introduced just last week – although both are certainly part of it.

Secure and resilient critical infrastructure requires constant collaboration as an industry – and the work of Comms Alliance is at the heart of that.

This pillar is often the mundane things that don't get much fanfare, but are absolutely essential to ensuring that Australia's communications networks *work*.

Customer cabling and equipment standards. The IPND code. Mobile number portability. Fault management. Emergency Call Service requirements. Mobile base station deployment. Spectrum allocation and interference management.

These things are not particularly sexy.

But they are absolutely fundamental to Australia's critical infrastructure networks remaining online 24 hours a day, 365 days a year.

And the third pillar: To make Australia the best place in the world to invest in digital infrastructure.

This is no small ambition – but it is the right ambition.

If Australia is going to realise the productivity benefits that could be unleashed by new technologies like AI, we must have the digital infrastructure in place to enable it.

And yet we are hamstrung by prohibitive regulations that actively disincentivise infrastructure investment.

CommsDay recently reported that one site funded under the Mobile Black Spot Program has been in planning since 2015⁷!

Seven more sites have been in Hollywood Development Hell since 2019.

The application process just to get power to some sites has taken more than two and a half years⁸.

⁷ CommsDay 1 August 2024, “FOI reveals 176 mobile blackspot builds delayed last year, largely by slow planning processes”

⁸ CommsDay 13 June 2024, WA planning rules effectively prohibit mobile infrastructure in some locations: MCF

More than 176 sites have been delayed, largely by local and state planning processes – while regional communities are crying out for better coverage.

And don't even get me started on the planning challenges you'll face if you want to roll out new intercapital fibre.

I predict that regional Australia will largely miss out on the benefits of new high-capacity fibre because it will be deployed via submarine, to avoid the cost and complexity of arduous planning processes on land.

To secure the future of our industry – arguably, the future of the Australian economy – we must make Australia the best place in the world to invest in digital infrastructure.

So there's the three pillars:

Strong consumer protections.

Secure and resilient critical infrastructure.

And to make Australia the best place in the world to invest in digital infrastructure.

Our ambitions are not small – that’s what makes them worth striving for.

The success of Comms Alliance will be measured by the success of the telecommunications industry.

And in that, I am your obedient servant.

Thank you, and enjoy the rest of the conference.