

Media Coverage

<i>Client</i>	iVox
<i>Media</i>	Financial Review, p34
<i>Date</i>	August 6, 2005
<i>Circulation</i>	85,000

FINANCIAL REVIEW

VoIP blooms in regulatory flux

Author: Brett Winterford

Date: 06/09/2005

Words: 679

Source: AFR

Publication: The Financial Review

Section: Information

Page: 34

The federal government intends to give the voice over internet protocol industry free rein to regulate itself, despite pleas from within the industry for new entrants to be legally bound by a code of conduct.

VoIP service providers companies that offer telephone calls over the internet are not subject to industry codes or standards that match the strict guidelines laid out for providers of circuit-switched PSTN voice telephony services.

Traditional telecommunications providers must meet strict criteria to be granted a carrier's license, but no such scheme exists for those VoIP providers that fall outside the definition of a carrier.

The lack of clarity has led to calls for the government to regulate the VoIP market which, according to analyst group Telsyte, now has more than 40 local providers, 15 of which launched in the past three months.

Concerns range from the lack of any guarantee on the quality of VoIP services, access to emergency services and issues of security and customer service.

Several VoIP service providers worked with the Australian Communications and Media Authority on a review and discussion paper on VoIP services late last year. These submissions were used as the basis for a report that, several months later, is still under consideration by the Minister for Communications, Information Technology and the Arts, Helen Coonan.

"There is a high degree of uncertainty as to how broadband telephony is going to be regulated here in Australia," said Illka Tales, chief executive of VoIP provider engin. "From an industry perspective, we need some clarity."

A spokesperson for Senator Coonan said some minor adjustments to regulatory arrangements might be necessary, for example, to get the best system for allocating VoIP phone numbers, but "it is unlikely major changes would be appropriate".

"There is a need for better information to be available to customers, particularly residential customers, and this will most likely be pursued by co-operative action between ACMA, the industry and ACIF," the spokesperson said.

Many see the government's faith in self-regulation as too optimistic. To date, self-regulation of VoIP has splintered between several groups, none of which have the complete confidence of the industry.

"I would like to think that self-regulation is enough," the director of listed VoIP provider Freshtel, Peter Warner, said. "But human nature and history suggest it doesn't always work."

The Australian Communications Industry Forum has spearheaded the self-regulation effort to date, distributing guidelines on such issues as emergency services access and consumer expectations.

"We act in the hope that the government won't ever need to regulate because the service providers are already observing a set of rules," CEO of ACIF Anne Hurley said.

"The industry fears that inappropriate legislation might stifle innovation. Legislation should only be required if the industry is unable to find an outcome."

But ACIF has been blasted by several VoIP providers upset that voting power within the industry group is based on the size of a member's customer base, and thus skewed towards Telstra. Wholesale VoIP carrier iVox CEO Romain Bonjean said ACIF "was rorted from day one by Telstra".

In February this year, several of the key VoIP providers established their own association, the Australian Voice over IP Association, aiming to represent their industry in negotiations with the government. But again, several key providers abstained from becoming members.

Mr Bonjean said he hoped the federal government would eventually introduce a legislative regime that provided certainty for the industry, and recommended ACMA as the agency with the nous to administer and enforce it.

Telecommunications analyst Paul Budde said he expected ACMA to lay down some ground rules.

"Eventually ACMA will need to put the screws on some of the services so far have been quite appalling," he said. "Unfortunately our industry has its share of cowboys."

KEY POINTS

- There are 40 providers, 15 of which launched in the past three months.
- The industry is divided on the need for government regulation.
- Some "cowboys" are said to be providing appalling services.