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By email: Ashley.bartlett@abs.gov.au

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Dear Mr Bartlett



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Re: ANZSIC 2006 Development: Information, Media and Telecommunications

Thank you for the opportunity to comment on the review of the Australian and New Zealand Standard Industrial Classification (ANZSIC). Please find below comments relating to the proposed changes to the telecommunications classification, focusing on mobile telecommunications.

International comparability

AMTA believes that it is crucial that statistics produced by the ABS can be used to compare Australia's performance internationally, and therefore agrees with ABS's stated position that international comparability of the proposed ANZSIC06 structure at the detailed level should be high.

For the following reasons, however, we do **not** agree with the proposed exception to this rule: that the ANZSIC 'telecommunications services' subdivision be substantially less detailed as the equivalent NAICS (US) 2002:

- **Economic significance of mobile telecommunications industry**
The Australian mobile telecommunications industry has mirrored the strong international growth of the industry over the last 10 years.
 - Australia mobile subscribers now out-number fixed-line subscribers (approximately 14 million mobile subscribers, 11.5 million fixed line subscribers, according to ACA data 2001-2002). Internationally, the picture is similar. It is also important to note that mobile telecommunications have provided a viable communication solution in a number of less developed countries, where it was not possible to provide the necessary infrastructure for fixed-line telecommunications services.
 - The industry makes a substantial and growing contribution to the wider telecommunications industry and the Australian economy. According to research commissioned by AMTA, the mobiles sector accounted for over one third of the total telecommunications employment in 2001-2002 (up from around one-quarter in 1996-7). It paid over \$1 billion in wages, and employed over 32,000 people – almost a 50 per cent increase on the number of people who worked in the industry in 1996-7. (For further information on this study, please refer to the Allen Consulting Group Report 'Australian Mobile Telecommunications Industry: Economic Significance', available from AMTA.)
 - Industry Gross Product for the Carriage Service Provider (CSP) sector of the industry exceeded \$5billion in 2001-2002 – more than the automotive vehicle component manufacturing sector and the accounting services sector.
 - There is a mobile penetration rate in Australia of over 72 per cent (Australian Communication Authority data 2003). This is substantially higher than the Internet penetration rate (estimated by Gartner at around 53 per cent in 2003).

The growth of the mobile telecommunications sector has also been more rapid than the growth of the Internet.

For these reasons, we believe that, like Internet Service Providers, **mobile** telecommunications (or 'wireless telecommunications') is a sufficiently significant component of the information and telecommunications sector to warrant its own sub-section under ANZSIC, as it is under NAICS.

▪ **Impact of mobile telecommunications on society**

It is also important to afford mobile telecommunications their own classification because of their substantial impact on society: an impact again which is comparable to that of the Internet.

- Mobile telecommunications have changed the way many of us operate, both at work and home. They allow many businesses to operate more efficiently – a trend likely to continue with increasing technology convergence (see below).
- It is important to note that mobile operators are increasingly providing a very different service to that available via the fixed line. Fixed line services predominantly provide voice services. Mobile phones are increasingly being used for data as well as voice services, with multi-message services (MMS), games, etc, in addition to the well-utilised Short Messaging Service (SMS) – used by 57 per cent of all households and 40 per cent of all businesses in 2003 – an increase of 44 percent over the previous year (ACA data).

▪ **Future predictions about the telecommunications industry structure, growth and impact on society**

You note in your discussion paper that:

- the telecommunications industry in Australia is dominated by a few very large telecommunications businesses, and that most of these units provide a range, or bundled set, of services. (page 22, paragraph 70, 71) For this reason, it is suggested that it would be difficult to break down the services offered.
- that the proposed telecommunications carriers' class will combine units operating very different types of network, and that production functions associated with these mediums appear to be significantly different and combining all these functions may not be ideal (page 22, paragraph 73).

In response to these points, we would like to comment that:

- The growth of the mobile industry is expected to continue.
- The increasing convergence of technology, with the increasing availability of phones with video and internet capability, etc, will further increase the usage of mobile.
- Although the market may be dominated by a few big players, there is a large number of resellers and virtual network operators, as well as a significant hardware and retail sector. The industry structure may also change with technology convergence.

Conclusion

In conclusion, we appreciate that there may be some difficulties faced by the ABS in disaggregating classes, but believe that a breakdown much closer to the US NAICS classification is crucial if the ABS's statistics on telecommunications and information provision are to provide a meaningful and useful picture of the industry and its growth in the coming years. The industry already provides significant data to the Australian Communications Authority (ACA) and it may be that the ABS could co-operate with the ACA to ensure data requirements on the industry are minimised.

Mobile telecommunications is at least as important a sub-sector as the Internet today, their importance is set to grow, and they are currently and increasingly much, much more than simple voice services. For these reasons, we believe they cannot be 'bundled' in with fixed-line services in ANZSIC06.

Yours sincerely

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