Standing Committee on Communications, Information Technology and the Arts

Submission No.

INQUIRY INTO BROADBAND TECHNOLOGIES

SUBMISSION BY MELBOURNE WIRELESS

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For further information

Phone

Mohile

E-mail

 Steven Haigh President Melbourne Wireless 89 Casey Drive Lalor Victoria
(03) 9402-7880
0421-288-488
president@wireless.org.au Members of Melbourne Wireless would be pleased to appear before the Committee during any public hearings associated with the Inquiry into Wireless Broadband Technologies scheduled for Melbourne.

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1. TERMS OF REFERENCE

The Committee has been asked by the Minister for Communications, Information Technology and the Arts, to inquire and report on the current and potential use of wireless technologies to provide broadband communication services in Australia, including regional Australia, having particular regard to the following:

- The current rollout of wireless broadband technologies in Australia and overseas including wireless LAN (using the 802.11 standard), 3G (eg UMTS, W-CDMA), bluetooth, LMDS, MMDS, wireless local loop (WLL) and satellite;
- The inter-relationship between the various types of wireless broadband technologies;
- The benefits and limitations on the use of wireless broadband technologies compared with cable and copper based broadband delivery platforms;
- The potential for wireless broadband technologies to provide a "last mile" broadband solution, particularly in rural and regional areas, and to encourage the development and use of broadband content applications;
- The effect of the telecommunications regulatory regime, including spectrum regulation, on the development and use of wireless broadband technologies, in particular the Radiocommunications Act (1992), the Telecommunications Act 1997 and Parts XIB and XIC of the Trade Practices Act;
- Whether the government should make any changes to the telecommunications regulatory regime to ensure that Australia extracts the maximum economic and social benefits from the use of wireless broadband technologies; and
- Likely future national and international trends in the development and use of wireless broadband technologies.

Section 2 ABOUT MELBOURNE WIRELESS

Melbourne Wireless is a community-based organization that is dedicated to help provide a non-commercial network using cheap, off the shelf equipment covered under the IEEE 802.11 standard.

Melbourne Wireless has been operating for over 18 months, and has been a driving force behind the adoption of 802.11 based technology for long distance communication while staying within legal and regulatory requirements.

Melbourne Wireless represents over 500 like-minded individuals in Victoria, and through the wireless.org.au initiative, thousands more around Australia and New Zealand. We currently hold users group meetings every month and frequently have committee meetings to discuss the direction of the group, internal issues, external issues that affect Melbourne Wireless, and legislative issues.

We are currently going through the process of incorporation and show no signs of slowing down in the exponential growth that has been observed in the past 18 months.

Melbourne Wireless was started to address many useability problems with the major Internet Service Providers in existence. These issues include, but are not limited to:

- Limited transfer speeds
- Limited transfer quotas
- Users not allowed to run servers
- Extra costs associated with static addresses
- High per megabyte excess charges
- Limited availability of broadband technologies

Melbourne Wireless was not started or designed to replace traditional ISPs, but rather work in tandem with the offered services to supplement Internet access as currently available.

Participants in Melbourne Wireless are required to agree to three basic rules:

- No access fee can be charged to any members
- No transfer fees can be charged to members for data originating from the wireless network
- The network cannot be used for commercial purposes.

Section 3 THE PRESENT SITUATION

3.1 Legal Status of Radio Networks by Non-Profit Bodies

Because Melbourne Wireless intends shortly to incorporate under the Victorian Associations Incorporation Act 1981, its activities will be determined by the provisions of that Act. An important requirement of that Act is that the incorporated association must not trade or carry on a business and that its Members must not receive any pecuniary benefit from the incorporated association. Further, members are not entitled to any share of the association's assets should the association be put into liquidation.

This puts Melbourne Wireless into an unusual position regarding the current legislation governing radiocommunications and telecommunications. It can reasonably be assumed that the two Acts (Radiocommunications Act 1992 and Telecommunications Act 1997 under which Broadband activities are governed were principally drafted to cover activities by commercial operators in this field. There is little evidence to suggest that non-commercial, non-profit, community based groups were considered at all. There is little to suggest that the Acts were drafted to take account of the concept of "Broadband" and the "Internet."

Radiocommunications Act 1992

The compilation of the Radiocommunications Act 1992 available on the Internet is dated 17 August 2001. The document downloaded from the Internet, runs to 287 pages. Although it takes into account amendments up to Act No.92 of 2001, the term "Broadband" does not appear in the Act or its amendments. Similarly, the word "Internet" does not appear.

At this stage Melbourne Wireless does not have any major points of difference with the provisions of the Radiocommunications Act 1992 although we reserve the right to change this view if, on closer reading it becomes apparent that the Act contains provisions contrary to the aims and objects of Melbourne Wireless. We understand that the transmitting and receiving equipment we intend to use (referred to as a "wireless card") is covered by a Class Licence and therefore possession or use of such equipment does not constitute an offence.

Telecommunications Act 1997, and Parts XIB and XIC of the Trade Practices Act.

The compilation of the Telecommunications Act 1997 available on the Internet is dated 21 December 2001. The document downloaded from the Internet, runs to 513 pages. The compilation takes into account amendments up to Act No. 55 of 2001. Despite its up-to-date nature there is no reference either to "Internet" or "Broadband" in the entire compilation.

This is a more relevant piece of legislation since it clearly sets out the Objects of the Act as well as setting out the provisions under which those Objects will be promoted.

3.2 Objects of the Telecommunications Act 1997

It is worth quoting the Objects of the legislation as set out in Section 3 of the Act.

"3 Objects

- (1) The main object of this Act, when read together with Parts XIB and XIC of the Trade Practices Act 1974, is to provide a regulatory framework that promotes:
 - (a) the long-term interests of end-users of carriage services or of services provided by means of carriage services; and
 - (b) the efficiency and international competitiveness of the Australian telecommunications industry.
- (2) The other objects of this Act, when read together with Parts XIB and XIC of the Trade Practices Act 1974, are as follows:
 - (a) to ensure that standard telephone services, payphones and other carriage services of social importance are:
 - *(i)* reasonably accessible to all people in Australia on an equitable basis, wherever they reside or carry on business; and
 - *(ii) are supplied as efficiently and economically as practicable; and*
 - (iii) are supplied at performance standards that reasonably meet the social, industrial and commercial needs of the Australian community;
 - (b) to provide a framework under which a carriage service that provides digital data capability comparable to an ISDN channel is to become available to all people in Australia:
 - *(i) by 1 January 2000; or*
 - (ii) by another date having regard to the findings of the review into the timing of the availability of that service;
 - (c) to promote the supply of diverse and innovative carriage services and content services;
 - (d) to promote the development of an Australian telecommunications industry that is efficient, competitive and responsive to the needs of the Australian community;
 - (e) to promote the effective participation by all sectors of the Australian telecommunications industry in markets (whether in Australia or elsewhere);
 - (f) to promote:
 - *(i) the development of the technical capabilities and skills of the Australian telecommunications industry; and*
 - *(ii) the development of the value-adding and export-oriented activities of the Australian telecommunications industry; and*

- *(iii) research and development that contributes to the growth of the Australian telecommunications industry;*
- (g) to promote the equitable distribution of benefits from improvements in the efficiency and effectiveness of:
 - *(i) the provision of telecommunications networks and facilities; and*
 - (ii) the supply of carriage services;
- (h) to provide appropriate community safeguards in relation to telecommunications activities and to regulate adequately participants in sections of the Australian telecommunications industry;
- (i) to promote the placement of lines underground, taking into account economic and technical issues, where placing such lines underground is supported by the affected community."

3.3 Discussion

While these sentiments are to be commended, Melbourne Wireless contends that much of the remainder of the Act is worded specifically to prevent the Objects, as set out in Section 3, from being achieved.

Examining the wording, the Objects are to provide a regulatory framework that promotes:

(1)

(2)

- (a) the long-term interests of end-users of carriage services or of services provided by means of carriage services; and
- *(b) the efficiency and international competitiveness of the Australian telecommunications industry.*

(a) Melbourne Wireless believes that its members fall into the category of "end users". By preventing organisations such as Melbourne Wireless from establishing their own networks, the long-term interests of end users are being thwarted. Also, one obvious omission from (1)(a) is any reference to service providers and carriers such as Telstra, Optus etc. From this, it must be concluded that the Act does not aim to promote the long-term interests of these organisations at the expense of the end-users as is presently the case.

(b) Melbourne Wireless believes that the provisions of the Act do not promote the efficiency of the Australian telecommunications industry. Melbourne Wireless believes that any monopoly, duopoly or arrangement which denies the right of others to compete, does not promote "efficiency".

- The other objects of this Act, when read together with Parts XIB and XIC of the Trade Practices Act 1974, are as follows:
 - (a) to ensure that standard telephone services, payphones and other carriage services of social importance are:

- *(i)* reasonably accessible to all people in Australia on an equitable basis, wherever they reside or carry on business; and
- *(ii) are supplied as efficiently and economically as practicable; and*
- (iii) are supplied at performance standards that reasonably meet the social, industrial and commercial needs of the Australian community

(2)(a)

Melbourne Wireless believes that the service it wishes to establish is a "carriage service of social importance."

(i)

Melbourne Wireless believes that the present Broadband service is NOT reasonably accessible to all people on an equitable basis wherever they reside. Firstly, there is no service that covers "all people in Australia" even including those broadband networks set up by companies with the resources of Telstra or Optus. Secondly, the Broadband service that currently exists is not accessible on an "equitable basis" since it is expensive and only available to those who can afford it. The service that Melbourne Wireless hopes to establish would be free or low-cost and thus would be far more "equitable" than any Broadband service in existence.

(ii)

The present Broadband services that are available are not supplied with "economy" in mind. They are supplied in order to maximise profits for the carrier and/or service provider. This very aspect of existing Broadband services has held back the development of Broadband and, rather than put Australia in the forefront of the technology, has severely delayed its adoption.

The service that Melbourne Wireless would like to establish would be the most "economical" possible. Being a non-commercial group, profit is not our motive. Melbourne Wireless believes its proposed system would have the lowest capital cost and operating cost of any Broadband system.

(iii)

Melbourne Wireless would endeavour to provide as high a quality system as is technically possible using the technology and equipment at our disposal. Melbourne Wireless could not meet the needs of industry and commerce since Melbourne Wireless, being incorporated under the Victorian Associations Incorporations Act, would be prohibited from doing so. Also, even if Melbourne Wireless intended to cover those markets we could not guarantee a service of that standard. However, Melbourne Wireless believes that it could certainly supply a service to the public of more than an adequate quality given the service would be free or of minimal cost.

- (b) to provide a framework under which a carriage service that provides digital data capability comparable to an ISDN channel is to become available to all people in Australia:
 - *(i) by 1 January 2000; or*

(ii) by another date having regard to the findings of the review into the timing of the availability of that service;

2(b)

Melbourne Wireless would aim to provide a service "that provides signal data capability comparable with an ISDN channel". The technology Melbourne Wireless proposes to use is easily capable of ISDN standards. However, until Melbourne Wireless is allowed to conduct experiments to see if this is possible, it cannot say with certainty that this aim would be achieved.

(c) to promote the supply of diverse and innovative carriage services and content services;

2(c)

Melbourne Wireless is in full agreement with this Object. If allowed to establish a free/low-cost Broadband service, Melbourne Wireless would be able to fulfil this Object of the Act. To deny Melbourne Wireless the chance would be completely contrary to the spirit of this aspect of the Act.

(d) to promote the development of an Australian telecommunications industry that is efficient, competitive and responsive to the needs of the Australian community;

2(d)

Melbourne Wireless fully supports this Object. However, the existing regime is not efficient, is not competitive and is not responsive. The service proposed by Melbourne Wireless would improve efficiency since it would utilise a part of the spectrum that has already been allocated. Because the proposed service would be free/low-cost, it would be competitive and because it would be run by people who make up part of the Australian community, it would be responsive to their (ie. our own) needs. In fact, the very existence of Melbourne Wireless is evidence that the existing regime is not responsive to the needs of the Australian community.

> (e) to promote the effective participation by all sectors of the Australian telecommunications industry in markets (whether in Australia or elsewhere);

2(d)

Again, Melbourne Wireless supports this Object. Unfortunately, by impeding the adoption of Broadband technology by imposing unreasonable restrictions on potential users, the ability of all sectors of the Australian telecommunications industry to participate is severely restricted. Because potential users cannot adopt the new technology, there is no demand for equipment. This means manufacturers, distributors and retailers of equipment cannot effectively participate. The same goes for those installing, servicing and repairing equipment.

(f) to promote:

(i) the development of the technical capabilities and skills of the Australian telecommunications industry; and

- *(ii) the development of the value-adding and export-oriented activities of the Australian telecommunications industry; and*
- (iii) research and development that contributes to the growth of the Australian telecommunications industry;

2(f)(i)

Melbourne Wireless is in favour of this Object. Its members are largely young, technically minded individuals who are keen to develop their technical capabilities and skills. By being better skilled and having acquired experience (at no cost to the taxpayer), they will be in a better position to assist the development of the Australian telecommunications industry.

2(f)(ii)

Again, Melbourne Wireless fully supports this Object.

2(f)(iii)

Research and development is vital in Australia. Without R&D, Australia is in danger of becoming a "branch office" economy where we rely on overseas manufacturers and suppliers to meet our needs. It is important to realise that all R&D is not carried out in large laboratories run by big corporations. It is still possible for individual experimenters to make discoveries of international importance. However, if the ability of people to undertake research is deliberately prevented by legislation or by pressure from entrenched players in the market, Australia will be the poorer. The importance of research and development are discussed more fully in Section 3.4.

- (g) to promote the equitable distribution of benefits from improvements in the efficiency and effectiveness of:
 - *(i) the provision of telecommunications networks and facilities; and*
 - (ii) the supply of carriage services;

(2)(g)(i)

Melbourne Wireless believes there are significant benefits <u>currently available</u> from improvements in the efficiency and effectiveness of (i) and (ii) and these benefits will increase as technology advances further. Melbourne Wireless believes that the equitable distribution of these benefits has not been achieved and that they are being enjoyed by a few at the expense of the many. Melbourne Wireless would promote this Object by developing a free/low cost wireless network so that those interested in such a service could avail themselves of it and therefore share in some of these benefits.

> (h) to provide appropriate community safeguards in relation to telecommunications activities and to regulate adequately participants in sections of the Australian telecommunications industry;

(2)(h)

Melbourne Wireless is in favour of appropriate safeguards and fully supports the adequate regulation of participants. It is partly because of this that Melbourne Wireless wants to participate in this Inquiry and would like to work with the appropriate government bodies in formulating regulations and requirements that are fair and in keeping with the Objects of this Act. Without adequate and fair regulation, there is a real danger that the more extreme proponents of wireless broadband technology will operate outside the law. This ultimately will result in chaos. (See 3.6 on the lessons to be learned from the introduction of the Citizens' Band Service 1975-1983.)

(i) to promote the placement of lines underground, taking into account economic and technical issues, where placing such lines underground is supported by the affected community."

(2)(i)

Melbourne Wireless fully supports the placement of lines underground. Being "wireless" Melbourne Wireless's proposed service would not rely on wires and may in some areas, eliminate the necessity for overhead wires to be run in order to provide a similar service.

3.4 Problems with Existing Legislation

Melbourne Wireless would like to accomplish two aims:

- to establish a wireless broadband network over which normal people, with no special qualifications, can link their computers.
- To link this network to the Internet to allow people to access this service at no charge or at minimal cost.

Melbourne Wireless's legal position in trying to achieve its two aims is uncertain. Since the band in which Melbourne Wireless intends to operate is already designated for industrial, scientific and medical uses, it might well be that its operation at these frequencies is just as legal as any other ISM operation. Secondly, since Melbourne Wireless is a non-profit organisation and, under the terms of its incorporation cannot engage in commercial activities, it may be completely legal to carry Internet traffic for those members who wish to send and receive such data.

On the other hand pursuit of Melbourne Wireless's aims may be illegal since the establishment of a wireless network would appear to constitute a "designated radiocommunications facility" and under Section 28 (1) of the Telecommunications Act 1997 would be considered a "network unit."

Under Section 42 of the Telecommunications Act 1997, a network unit cannot be used to supply a carriage service to the public unless the owner of the network holds a carrier licence.

Under Section 34 subsection 3 however, if "the network is used, or for use, for the sole purpose of supplying carriage services on a non-commercial basis" then this is classed as an exempt network.

Melbourne Wireless and none of the persons associated with it, hold a carrier licence, nor is it feasible to obtain one due to the high fees for a non-commercial project like Melbourne Wireless.

A further problem concerns the ownership of the network unit. Since each person in the network would be using equipment (a wireless card, antenna and connecting cable) supplied and owned by that person, everyone connected to it would own the network. Depending on the circumstances Melbourne Wireless may own part of the network or may own none of the network.

It is interesting to note that under present legislation, amateur radio operators are legally entitled to establish and operate such a network provided they comply with the terms of their licences. The segment 2.4GHz to 2.5GHz is a designated amateur band which amateurs share with Industrial, Scientific and Medical services. It is also worth mentioning that under the terms of their licences they are allowed to use a maximum power of 150 watts DC or 400 watts PEP. <u>This is some 5,000 times the power which members of the proposed Melbourne Wireless network would use.</u>

Why the establishment by non-amateur radio operators of such a network is illegal remains a mystery to Melbourne Wireless. The power that would commonly be used is about 0.03 watts and is generated using voltages no higher than those used in a pocket flashlight or laptop computer. At this power level, signals would be highly unlikely to cause interference to other services either within the frequency segment or outside it. This power is considerably less than that authorised for CB operators. The equipment (wireless card) is frequency stable and contains no provision for adjustment to make it operate outside the allotted band. The frequency band of operation is already allocated for ISM uses including domestic microwave ovens which commonly use up to 1000 watts input (more than 30,000 times the power of existing wireless cards) and amateur radio operators who can use 150 watts input. The frequency segment is the same as that which water molecules resonate (that is why microwave ovens are designed for this band) and consequently propagation of microwave signals at these frequencies will be adversely affected by mist, fog or even high humidity. Communications on such wavelengths poses no threat to national security.

It is imperative that the legal position of non-profit, non-commercial, community based organisations such as Melbourne Wireless be clarified and that, if the establishment and operation of radio networks is found to be illegal, then such activities should be made legal. Similarly, if it is found that transmission and reception of data and traffic to and from the Internet is illegal over such a network, then the carrying of such data and traffic also should be made legal.

3.5 The Importance of Research and Development

As highlighted in Melbourne Wireless's comments on the promotion of the development of technical capabilities and skills (see 3.(2)(f)(i)), some interesting historical parallels can be drawn between the present state of development of Wireless Broadband technologies and that of the development of radio, television and computing.

In the early days (1910-1925), the development of radio was accelerated by the creation of what has become known as the Amateur Radio Service. This involved the licensing of suitably qualified people who had an interest in the technology (radio amateurs or "hams") so that they could carry out experiments and research into electronic circuitry, transmitting and receiving equipment and methods, transmission lines, antennas, the propagation of radio waves, etc. At the same time, the establishment of such a service allowed these enthusiasts to become skilled in both the construction of equipment and its operation.

It should be remembered that one of Australia's greatest telecommunications companies, Amalgamated Wireless (Australasia) Ltd, better known as "AWA," was established in 1913 by radio amateurs including Jim Fisk.

The pool of self trained amateur radio operators proved invaluable at the outbreak of World War II since it provided a source of skilled operators and instructors for the armed forces as well as experimenters for the development of equipment and components for HF, VHF, UHF and microwave frequencies. This was in sharp contrast to Germany, where Hitler had abolished the Amateur Radio Service in the 1930s. As a result, Germany had no pool of trained radio operators to draw on and the development of German radio techniques, especially radar, was well behind that of the United Kingdom.

Similarly, the early development of television was undertaken by amateur experimenters interested in the technology. It should be remembered that John Logie Baird was not backed by a large, commercially owned, research and development laboratory but was a simple experimenter using simple equipment. Yet by the late 1920s, he had transmitted colour television signals across the Atlantic.

More recently, even before the advent of electronic computing, there have been numerous examples where enthusiasts, experimenting in their homes or garages, were able to develop new technologies to the point where it was possible to found a commercial enterprise that became a world leader and a large employer. Hewlett Packard, Apple Computer, Cisco Systems, even Microsoft, can all trace their history back to such humble beginnings.

Melbourne Wireless maintains that a comparable situation exists today in that a technology is available which will allow enthusiasts to communicate digitally over short ranges. Melbourne Wireless believes that this technology could and should be developed further by allowing interested enthusiasts to experiment legally while being governed by fair and sensible legislation and regulation.

3.6 Lessons to be Learned From the Introduction of the Citizens' Band Service 1975-1983

The development of the Citizens' Band Service in Australia provides evidence of what can happen when a new technology becomes available but when the legislation governing certain aspects of that technology is completely out of date.

CB radio became popular in the U.S. in the 1960s as a means of communicating over short distances using high frequency equipment operating at 27MHz. Although perfectly legal in the US, Australian legislation (the Wireless Telegraphy Act 1905) prohibited the use of these frequencies by ordinary citizens in Australia and prohibited the operation of unlicensed equipment.

Commercially built CB equipment became freely available in the 1970s and large quantities were imported into Australia and sold to ordinary citizens. While the actual *operation* of such equipment was still illegal, the importation and selling of such equipment was not mentioned under the Act and therefore was not illegal.

This led to thousands of people purchasing equipment and operating in breach of the law, creating "spectrum anarchy" and causing in some cases, interference to television and other communications services. It was not until the early 1980s that the 1905 Act was replaced by something more applicable, covering the then present state of affairs. Essentially, because the government had insufficient manpower to track down and bring illegal operators to court, the government was forced to accept the status quo and had to legislate accordingly.

It is interesting to speculate on the reason for some of the provisions of the 1905 Act, in particular, the requirement that the operators of wireless transmitting equipment had to be suitably qualified and licensed.

In the period from 1905 until the mid-1980s, governments were understandably concerned that unlicensed radio transmitters in the wrong hands could pose a threat to national security. In addition, since little equipment was available commercially, most equipment had to be home made. It therefore made sense that people building and operating transmitters (which involved the use of high voltages) should have some knowledge of what they were doing. A further consideration was that if interference was being caused to other radio services, the operator should have sufficient knowledge of how to rectify the problem.

Today, the situation is different. Communications, whether local or international, are readily available to everyone. No longer is it necessary to use high-powered wireless transmitters to communicate across vast distances. The development of modern semiconductor devices and equipment no longer requires the use of potentially dangerous high voltages.

To prevent a repetition of the great CB fiasco, it is vital that government legislation covering Wireless Broadband technology recognises the changes that have occurred, both in community attitudes and expectations and in the fields of technology.

Section 4 CONCLUSIONS

- (1) Melbourne Wireless is keen to establish a low power wireless network across Melbourne which would be used to carry digital traffic at high transfer rates. This would allow computers to be linked together at low capital and operating cost and would avoid using high cost commercial networks.
- (2) Melbourne Wireless's proposed activities are fully supported by the Objects of the Telecommunications Act 1997
- (3) The legality of establishing such a network as Melbourne Wireless proposes is uncertain. The legality of carrying content such as that found on the Internet is also uncertain.
- (4) Melbourne Wireless is keen to operate such a network legally whereby such a network would be governed by legislation, regulations, terms and conditions which are fair and reasonable.
- (5) Melbourne Wireless would be pleased to co-operate with government bodies as the Australian Communications Authority in devising such restrictions.
- (6) If Melbourne Wireless's proposed activities were found to be illegal, the legislation prohibiting such activities by non-profit, non-commercial, community based organisations similar to Melbourne Wireless should be changed to allow Melbourne Wireless to operate inside the law.
- (7) Research and development is vital to Australia's future. Those people and organisations wishing to undertake research and development into Wireless Broadband Technologies (note, at their own expense) should be allowed to do so within the law.
- (8) Failure by the government to allow such research and development to be undertaken legally will encourage enthusiasts to operate outside the law as occurred with the introduction of the Citizens Band Service. Melbourne Wireless would not condone such illegal behaviour but recognises that the final outcome would probably be similar (ie., the government would be forced to accept the situation that developed and would have finally to legalise such activities eventually.)