

## Skinner, John

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**From:** Tim Hogard [tim@wideblueocean.com]  
**Sent:** Saturday, 18 September 2010 11:12 AM  
**To:** Skinner, John  
**Subject:** Fixed line prices...costs with free local calls

**TRIM Record Number:** D10/3678624

Your report fails to consider the costs of billing for a call is now a major part of dealing with the call. I have found that a large company's cost per financial data base entry is now about \$.06 where simple statistical data entries can be a thousand times cheaper due to the risks of data being lost having less of an impact. If all local or national calls were billed at the same fixed per call rate rate or rolled into plans, it would reduce the costs to operate so dramatically that the costs per call would drop to less than \$.01. For example the current system needs a record saying 1) I initiated a call, 2) the other side answered the call, 3) the call terminated and 4) a log of the length of the call and then other records into a complex billing system which is a major expense. Each of those records (except the 1st) must be protected from loss at a very high level to prevent over charging the end customer. It is much cheaper to just deliver the call and log enough data so that capacity planners know when exchanges are getting overloaded.

I think your costing should follow the trend in global telecommunications of not charging anything for local or even national calls.

They used to be a limited capacity between exchanges and now that is not an issue for most exchanges in urban parts of the country. A single 10 gig fiber link can carry over 150,000 calls between exchanges now and the early pricing models take into account those calls going over a limited number of E1 circuits which could only carry 30 calls at a time. The per use cost of using that resource has changed and now it should just be rolled into operating costs as my use of .0006% of it is insignificant compared to my fraction of its install and maintenance costs.

I have found that much of telecom's pricing is confused by its sporadic use as well. A former President of AT&T said that the network must be built to cope with Mother's day, all the rest of the traffic doesn't cost them anything.

I am happy to submit this as a formal comment but I feel that your draft should reconsider the point of even dealing with billing for most calls and that will result in a much different document.

Tim Hogard  
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