Liberalisation of the telecommunications sector - Australia's experience

This is an update of a 1997 publication that outlines the liberalisation of the Australian telecommunications sector.

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This booklet updates the 1997 publication, Liberalisation of the telecommunications sector: Australia's experience.

A related publication, Reform of Technical Regulation in the Telecommunications Sector: Australia's Experience, 1998 is available from the Department of Communications, Information Technology and the Arts website at www.dcita.gov.au
Synopsis

Australia's telecommunications sector has developed progressively from a largely centralised, publicly controlled monopoly structure, through a managed competitive model, to an open and competitive market regime with an emphasis on industry self-regulation.

Telecommunications policy has been driven by the need to provide services to a population concentrated largely in cities separated by long distances, while also reaching remote areas with basic services, and linking the major cities with high capacity trunk services. A fundamental policy tenet has been that basic telecommunications services are reasonably accessible to all people in Australia on an equitable basis.

Liberalisation has delivered significant benefits to Australian businesses and consumers and to the wider economy. Users now have a greater choice of suppliers of telecommunications services offering a broad range of new and innovative services and products. Companies are more responsive to the needs of their customers, the quality of services has improved, and lower prices have been achieved for telephone calls, especially long-distance calls. Investment opportunities in the telecommunications sector have expanded and service provision to remote and under-served areas, as well as to the main population centres, has accelerated.

This booklet describes the development of the competitive telecommunications regulatory framework in Australia, including key issues and the policy solutions that have been adopted to:

- facilitate the interconnection of networks and access to network facilities;
- ensure the fulfilment and equitable funding of universal service obligations;
- provide safeguards against anti-competitive conduct; and
- protect consumer interests.

The organisational and regulatory changes that have been implemented in the Australian telecommunications sector over the past decade have positioned the sector to meet the challenges and take full advantage of the opportunities ahead. The Government, in recognition of the importance of the telecommunications sector to the national economy, will continue to monitor and review the operation of the regulatory framework and, if necessary, will take steps to help
ensure effective competition continues to develop in the sector and that the benefits flow to end-users.

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Monopoly history: 1901-1975

The Commonwealth Government assumed responsibility for telecommunications services in Australia upon Federation in 1901. Until the introduction of limited competition in 1991, telecommunications services were provided by various publicly-owned monopoly organisations. For a lengthy period, operational and regulatory functions for all telecommunications services resided with the Postmaster General's Department (PMG).

In 1946 the Overseas Telecommunications Commission (OTC) was established with responsibility for all international telecommunications services.

The PMG continued to provide all domestic telecommunications services until 1975 when its telecommunications functions were moved to the newly created and subsequently corporatised, Telecom Australia. Telecom became the monopoly telecommunications carrier of domestic services within Australia with exclusive rights to install, maintain and operate the network and supply basic services. As well as being the network provider, Telecom was also the technical regulator in customer equipment, private networks and value-added services.

Throughout the period a major driver of telecommunications policy was to ensure that telecommunications services, in particular those in more remote areas, were reasonably accessible to all people in Australia on an equitable basis. This so-called 'universal service obligation' has remained a key plank of the telecommunications framework throughout the liberalisation process of the past two decades.

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Pressure for change: 1975-1988

In the late 1970s there was mounting pressure for changes to the industry structure and regulatory frameworks. Technological advances and the emergence of a more service-based economy had fuelled a rapidly increasing demand for high-speed electronic
information transfers. Companies that relied heavily on telecommunications services wanted the benefits of competition in the supply of those services, and rural interests wanted better communication services to regional and remote areas.

Throughout the decade the Government examined policy approaches that could meet basic national objectives more effectively, both for consumers and for the telecommunications industry. Reforms were introduced in Australia at a time when telephone density compared well with other economies, but the desire for new services-free of Telecom’s monopoly-was driven by dissatisfaction with the monopoly model.

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**Beginnings of competition**

In 1981 the Government established an additional publicly-owned carrier, AUSSAT, to operate a domestic satellite system. AUSSAT started commercial operations in 1985 when the first satellite was launched.

Government inquiries into telecommunications services examined the need for greater private sector involvement in providing terminal equipment, leased and independent networks, and other services. The Government's principal policy objective remained the provision of telephone services throughout Australia at affordable prices.

The scope of competition was expanded in stages, beginning with the marketing of some terminal equipment and the provision of services that did not overlap with the basic network. Leading examples were PABXs and radio paging services. However, the vigour and extent of this competition was limited by Telecom's continuing regulatory role, which gave it the right to approve all equipment attaching to the network.

By 1987, all but the most remote parts of Australia enjoyed basic telephone access and the domestic and international telecommunications networks were well developed.

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**Separation of policy, regulatory and operational roles**
In May 1988 the Government announced directions for restructuring the regulatory environment for the telecommunications industry and the operations of the Government-owned carrier.

The stated goals stressed the need for an efficient and responsive telecommunications industry, capable of successful commercial operation in Australia and overseas while continuing to serve important social objectives with basic telephone services. The reforms were implemented in the Telecommunications Act 1989 and related legislation.

As part of the major reforms:

- the basic monopolies of Telecom, OTC and AUSSAT were retained;
- competition was introduced in the provision of
  - value-added network services;
  - customer premises cabling;
  - supply, installation and maintenance of customer premises equipment; and
- price control arrangements were introduced for the carriers' reserved services.

Telecom was subjected to a range of accountability and management reforms designed to provide it with more commercial focus, greater operational freedom, management independence and accountability.

In a significant step, the operational and regulatory functions of Telecom were separated. The Australian Telecommunications Authority (AUSTEL) was established in July 1989 as an independent industry-specific regulator with responsibility for technical regulation, protecting the carriers' exclusive rights, protecting competitors from unfair carrier practices, protecting consumers' interests, administering price control and universal service levy arrangements and promoting carrier efficiency.

AUSTEL introduced a form of 'light-handed' pricing regulation based on a 'CPI-X' price cap, with individual sub-caps on some prices.
The environment within which telecommunications policy was being set in Australia was changing and had become far more complex. Dramatic technological advances were occurring in the industry influencing the manner in which services could be produced and delivered and there was growing interest in convergence in the provision of information technology and telecommunications services.

More generally, there was a broader recognition by Governments of the need to transform Australia into a dynamic and outward looking economy. Governments were heavily involved in the supply of essential services for businesses and households. Economic activity had been dominated largely by the influence of government.

Greater exposure to international competitiveness created pressures for more efficient delivery of services and greater flexibility in markets.

There was a growing emphasis on microeconomic reforms. Government enterprises at both Commonwealth and State levels were being examined with a view to improving performance, cost effectiveness and service delivery. Competition was promoted through a range of measures-prices of government business enterprises were aligned more closely to costs, there were reductions in government assistance and the public sector underwent significant reform.

Financial deregulation had occurred, and attention was shifting to introducing competition policy reforms in several key infrastructure sectors and other previously protected areas of the economy, such as energy and transport. Frequently these goals were achieved through corporatisation, and in many instances, privatisation.2

Governments were faced with the need for legislative frameworks in the telecommunications sector that kept pace with commercial and technological change while still meeting the needs of all stakeholders.

Internationally, the importance attributed to telecommunications as a traded service in its own right, as well as a backbone for commercial development and trade in all other economic sectors was being acknowledged within the context of the Uruguay Round of the General Agreement on Trade in Services.3

In September 1996 APEC Telecommunications Ministers endorsed the Reference List of Elements of a Fully Liberalised Telecommunications Services Sector. The Reference List provides a broad perspective on
the expectations of a liberalised telecommunications sector and catalogues the key features of a liberalised market largely from the point of view of users and other market participants.4

In 1996 the European Commission adopted a Directive which called for the introduction of competition in the provision of voice telephony and infrastructure by 1 January 1998. The harmonisation framework aimed at creating a European market based on common principles for access to networks and services, a common regulatory environment and harmonised standards for services and technologies.

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**The telecommunications carrier duopoly: 1990-97**

In 1990 the Commonwealth Government, after considerable debate and consultation, announced further reforms of the structure and ownership of telecommunications networks. A phased approach was adopted to transition from a monopoly provider to open competition in basic services. Initially, a general carrier duopoly was established as an interim measure to foster competition. As part of the reform arrangements the second carrier would be given sufficient time and a relatively stable and predictable environment within which to establish itself in the marketplace before the advent of full competition from 1 July 1997.

The goals were to position Australia's telecommunications industry to be globally competitive by introducing sustainable network competition, minimise infrastructure duplication wherever possible, while still allowing for the Commonwealth Government's social obligations and industry development objectives to be met. The reforms included regulatory measures designed to constrain the behaviour of the incumbent market dominant carrier.

The strategy was implemented in 1991 and 1992 largely as a function of the Telecommunications Act 1991. Key components of the strategy included:

* merging Telecom and OTC to become Telstra Corporation5;
* licensing Optus (now Cable & Wireless Optus Ltd), after a competitive tender process, as a private sector national facilities-based network competitor. Optus was also allowed to take over the national satellite service with the purchase of AUSSAT;

  * fixing the period of facilities-based duopoly to end in 1997;
licensing three public mobile telecommunications service operators (Telstra, Optus and Vodafone);

mandating open competition in the areas of

- resale of domestic and international telecommunications capacity and
- public access cordless telecommunications services;

and

giving AUSTEL a stronger mandate to promote competition and to protect the interests of consumers, including setting and monitoring carrier service quality indicators, monitoring and reporting on price controls, and enforcing carrier licence conditions that included specific consumer safeguards and the universal service obligation. The competitive safeguards provided for in the Act augmented the operation of the economy-wide general competition provisions of the Trade Practices Act 1974.

The universal service obligation (USO) remained a cornerstone of the telecommunications framework. However, with the introduction of network competition, the Commonwealth Government considered it was not feasible for one carrier to both provide and fund social obligations. The carrier fulfilling the USO would therefore be compensated by other participating carriers for any USO losses that were approved by AUSTEL. Telstra was declared the sole USO carrier throughout Australia.

The Spectrum Management Agency (SMA) was created in 1993 to manage the radiofrequency spectrum, taking over this role from the Commonwealth Department of Transport and Communications.

Telstra partial privatisation

Following its election in March 1996, the new Commonwealth Government moved to implement the partial privatisation of Telstra by selling one third of its equity in Telstra.

Deregulation was aimed, among other things, at better positioning Telstra to compete in an increasingly commercialised and globalised telecommunications market. Partial privatisation removed some previous constraints on Telstra's structural and operational capacity and provided a stimulus to Telstra's ability to raise capital for network expansions and modernisation and to keep pace with changing
technologies. The bulk of the sale proceeds from the Telstra partial privatisation were used to retire Government debt.

Open competition: 1 July 1997

A new era of open competition dawned for the telecommunications sector when the Telecommunications Act 1997 and related package of legislation came into force in July 1997. The main policy objective of the legislative reform package is to provide a regulatory framework that promotes the long-term interests of end-users of carriage services, or services supplied by means of carriage services, and the efficiency and international competitiveness of the Australian telecommunications industry.

Regulation, self-regulation and institutional arrangements

Regulation of the telecommunications industry has been brought more closely into line with general competition law as governed by the provisions of the Trade Practices Act 1974. Australia’s single national industry regulatory body, the Australian Competition and Consumer Commission (ACCC), has assumed responsibility for competition and economic regulation of telecommunications. The transfer of functions to the ACCC from the previous industry-specific regulator reflected the policy that all competition regulation should be undertaken by a single competition regulator so as to concentrate resources, maximise expertise and importantly, promote consistent regulation across sectors.

The reforms also inserted into the Trade Practices Act 1974 telecommunications-specific pro-competitive provisions to deal with anti-competitive conduct and to establish an access regime of rights and obligations for carriers and service providers aimed at promoting the long term interests of end-users.

In keeping with the broad philosophy of competition policy, reliance on industry self-regulation is promoted to the greatest practicable extent, particularly in technical regulation and through the use of codes of practice. While market-driven solutions are encouraged, legislative safety nets exist to support the operation of the market and provide consumer safeguards.
To allow for a high degree of industry self-regulation, the Australian regulatory framework has involved the establishment of both Commonwealth Government and industry regulatory bodies.

The **Australian Communications and Media Authority (ACMA)**, a Commonwealth Government regulator, is responsible for administering a range of technical and consumer issues relating to telecommunications, as well as managing the radiofrequency spectrum. The ACMA licenses telecommunications carriers and reports to the Minister for Communications, Information Technology and the Arts on the performance of carriers and service providers. The ACMA works closely with the Australian Communications Industry Forum, encouraging industry to develop voluntary codes of practice and technical standards where they are in the public interest and do not impose undue financial and administrative burdens on industry participants. Industry codes may be registered by the ACMA, which then enables the ACMA to require an industry participant to comply with the Code.

The ACMA performs a key consumer protection function through administration of codes and standards, and in particular, the universal service obligation and customer service guarantee (CSG) provisions of the Act. The ACMA has the capacity to enhance consumer protection arrangements should self-regulation fail, including the ability to set mandatory customer service standards. The ACMA also administers the national numbering plan.

The ACMA represents Australia’s communications interests abroad through participation in the work of international organisations, such as the International Telecommunication Union, for technical standardisation and coordination of services between countries.

The **Australian Communications Industry Forum (ACIF)** was established in May 1997 as the peak industry body to facilitate and manage telecommunications self-regulation. ACIF’s main role is to develop and administer industry technical and operating arrangements that promote both the long-term interests of end-users and the efficiency and international competitiveness of the Australian communications industry. Its primary functions include development of industry codes of practice for registration and the timely production of technical standards, specifications, plans and guidelines that the industry and community need.
The pro-competitive reforms have opened up the opportunity to build and operate telecommunications infrastructure. Past regulatory barriers to market entry, as well as a number of artificial regulatory distinctions, such as between mobile and fixed carrier licences, have been removed. No restrictions exist on entry to any telecommunications service market and there are minimal restrictions on the types of technology used\textsuperscript{15}.

As far as practicable, market solutions are encouraged and relied upon. There are no restrictions on the installation of telecommunications infrastructure (subject to relevant planning and environmental laws). Industry operators now have much greater freedom to pursue whatever business strategy they choose.

All carriers, unless otherwise exempted, are obliged to develop, and keep current, an industry development plan relating to their strategic commercial relationships, research and development plans, involvement with domestic industry and export facilitation plans\textsuperscript{16}.

Foreign ownership in the industry is, with the exception of Telstra\textsuperscript{17}, subject to the general provisions of the Foreign Acquisitions and Takeovers Act 1975. Under this policy, investment proposals that exceed specified limits are subject to the approval of the Foreign Investment Review Board.

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**Carriers and service providers**

The main entities regulated by the Telecommunications Act 1997 are carriers (persons who own specified infrastructure facilities-'network units'\textsuperscript{18}) and service providers (carriage service providers and content service providers\textsuperscript{19}).

Carriers must be individually licensed by the ACMA. A carrier licence authorises the owner of network units to supply telecommunications services to the public. Licence conditions oblige carriers to meet a number of specified requirements including USO contributions, payment of annual licence fees, fulfilment of industry development plans and compliance with the telecommunications access regime. There is no limit on the number of carrier licences that may be issued by the ACMA. Any corporation, partnership corporation or public body may apply for a licence. Service providers are not subject to licensing requirements, but are required to comply with legislated service provider rules and other provisions of the Act, such as operator and
directory assistance services, itemised billing and number database information.

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Competitive safeguards

The ACCC's power to regulate anti-competitive conduct includes the collection of information to monitor competition in the telecommunications industry. It can act quickly where it finds anti-competitive conduct occurring—and parties affected by that conduct can also take action against it and recover damages where necessary.

To ensure that competitors understand its intentions, the ACCC has developed guidelines that it will use in exercising its powers to deal with anti-competitive conduct. The ACCC reports annually on competitive safeguards within the telecommunications industry, and a review of the operation of the competition rules is to commence before 1 July 2000.

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Access and declared services

A unique feature of competition in the telecommunications industry is that competitors have no option but to use each other’s networks. Telephone, facsimile, internet and other services require 'any-to-any connectivity'. This basic requirement—and the Government’s commitment to promote the diversity of carriage and content services available to users—focuses attention on the need for access rights to prevent those owning and controlling networks from taking undue advantage of their powerful position.

The ACCC has the power to 'declare' services for the purposes of the telecommunications-specific access regime of the Trade Practices Act. Once a service has been declared it is in effect brought within the regulatory 'net'. Carriers and carriage service providers of declared services are generally required to provide interconnection with, and access to those services to any requesting access seeker on reasonable terms and conditions, including price.

The new telecommunications access regime is administered by the ACCC. The regime allows access arrangements to be governed by either:
• the terms and conditions of supply, including price, commercially agreed by the access provider and access seeker; or
• a detailed access undertaking offered by the access provider; or
• the ACCC, through arbitration if that becomes necessary.

The new framework established a Telecommunications Access Forum (TAF)—a non-government industry body in which all carriers and carriage service providers may participate. The role of the TAF is to recommend to the ACCC that certain services should be declared and to develop a Telecommunications Access Code that sets out model terms and conditions for use in voluntary access undertakings. The ACCC has designated the Australian Communications Access Forum Inc (ACMAF—an incorporated association of carriers and CSPs) to be the TAF. The access Code was approved in January 1998.

Services are declared only after the ACCC has conducted a public inquiry, or on the recommendation of the TAF subject to the ACCC being satisfied there has been sufficient consultation with potential access seekers and consumer representatives. Infrastructure owners of services that are not declared are under no obligation to provide access to access seekers.

The Commonwealth Government intends that—as far as possible—the determination of access rights and the terms and conditions of access, should be the result of commercial processes and industry self-regulation. There is scope, however, for broad guidance to be provided by the regulator and the Commonwealth Government to facilitate commercial processes.

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Role of the Minister

The Minister for Communications, Information Technology and the Arts has a range of powers under the telecommunications regulatory regime. The Minister, for example, has the power to determine that certain telecommunications facilities supplying carriage services to the public be considered network units if regulation of those facilities becomes necessary (s.29 Telecommunications Act).

In addition to standard licence conditions that apply to all carriers under the Telecommunications Act, the Minister may impose further
licence conditions on individual carriers, classes of carriers or all carriers (s.63 Telecommunications Act).

The Minister may also give directions to the ACMA in relation to its functions and the exercise of its powers.

The Minister has no general power to direct the ACCC in relation to its telecommunications functions. The Minister however, retains some residual powers which, although limited, are nevertheless significant. Most importantly, the Minister:

* may determine price-related terms and conditions in relation to declared access services (s.152CH, Part XIC, Trade Practices Act); and
* can direct the ACCC to undertake a public inquiry—this may include an inquiry in relation to anti-competitive conduct under Part XIB or the declaration of services under Part XIC (s.496 Telecommunications Act).

As a further safeguard, the Minister has the power to determine pricing principles to give guidance to the industry. The preferred approach is to rely, as far as possible, on the broader regulatory regime and ongoing guidance from the ACCC.

The Government, notwithstanding its majority ownership, does not have any control of the day-to-day operations of Telstra. The Minister for Communications, Information Technology and the Arts does, however, have some general powers of ministerial direction under s.9 of the Telstra Corporation Act 1991. This power will be repealed if Commonwealth ownership falls below 50 per cent.

Under the Telecommunications (Consumer Protection & Services Standards) Act 1999, the Minister for Communications, Information Technology and the Arts has certain powers of direction over Telstra in relation to service standards and consumer safeguards. This power will remain, irrespective of the Commonwealth's level of ownership in Telstra.

Consumer protections

The Telecommunications Act 1997 and the Telecommunications (Consumer Protection & Services Standards) Act 1999 strengthened existing, and introduced new obligations on the telecommunications
industry in regard to consumers and the general community. These telecommunications specific safeguards are in addition to general safeguards conferred under the Trade Practices Act, general fair trading legislation and customer rights under contract law.

Telecommunications specific safeguards include the USO, retail price controls on various Telstra services\(^{24}\), and Customer Service Guarantee performance standards. Safeguards also extend to untimed local calls for voice and non-voice calls for residential customers; untimed local voice calls for business; emergency call services and defence requirements; caller number display; privacy; and itemised billing.

The **Telecommunications Industry Ombudsman (TIO)** provides a free, independent investigation service for residential and small business customers of telecommunications and services, including mobile and Internet services, who have been unable to resolve certain complaints directly with their telecommunications carrier, service provider or Internet service provider\(^{25}\).

The ACMA is required to monitor and report each year to the Minister for Communications, Information Technology and the Arts on all significant matters relating to the performance of carriers and carriage service providers with particular reference to consumer satisfaction, consumer benefits and quality of service. Services covered in the ACMA report\(^ {26}\) include fixed and mobile telephone services; ancillary services (including operator assistance, billing, complaints and Directory assistance); emergency services; internet services and pay TV services.

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**Further privatisation of Telstra**

In June 1999, legislation was passed authorising the sale of a further 16.6 per cent of Telstra\(^ {27}\).

The majority of revenues from the sale have been allocated to reduce Commonwealth Government debt. Funds have also been made available to upgrade services in rural and regional Australia.

The Government has signalled its intention to sell the remaining 50.1 per cent of its equity at some future point.
5. Ongoing review

The telecommunications sector in Australia, as elsewhere in the world, is highly dynamic.

Change is being driven by rapid technological advances, including the convergence of telecommunications, broadcasting and information
technologies and an increasingly competitive international marketplace.

Australia's experience with a liberalised telecommunications sector is still in its relative infancy. There remains a diversity of expectations from the public and sectoral interests about the role of the Commonwealth Government in managing such changes and to facilitate maturing of a competitive domestic market. One very important aspect of the Commonwealth Government's approach to the ongoing liberalisation of the telecommunications sector is an intention to monitor and review the operation of the regulatory framework and, if necessary, take steps to help ensure effective competition continues to develop in the sector.

Since the introduction of the Telecommunications Act 1997 a number of amendments have been made to the regulatory framework to enhance its effectiveness. In the main, the amendments respond to industry concerns about the ability of the ACCC to respond to issues in a more timely manner and the ability of Telstra to take advantage of its residual market power.

The powers of the ACCC have been broadened and strengthened in a number of areas, including for example, to impose record-keeping rules on the telecommunications industry; to enable the ACCC to report and publicly release competition related data; to issue competition notices; and, in relation to enhancing the access arbitration process, the ACCC's roles in attending, mediating and arbitrating access negotiations.

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6. Industry Profile

In Australia there are an estimated 10 million basic telephone lines and 8 million mobile phone subscribers. Terrestrial mobile networks can reach approximately 95 per cent of the country's population of 19 million, but cover less than 12 per cent of the land area. The auction in 1988 and 2000 of radiocommunications spectrum in the 800 MHz bands and 1.8 GHz (used primarily for mobile telephony technologies) has facilitated the entry into the market of several new mobile phone carriers. Further auctions of spectrum suitable for mobile services are possible. The introduction of low earth orbiting satellites is offering new opportunities to deliver satellite based mobile phone services covering the entire Australian land mass.
The new open and competitive telecommunications environment in Australia is characterised by increasing numbers of private sector participants (including foreign communications companies and new players such as utility companies). As at May 2000, more than 40 carriers were licensed by the ACMA and some 1050 carriage service providers were registered with the Telecommunications Industry Ombudsman.

Telecommunications Division
Department of Communications, Information Technology and the Arts
website http://www.dcita.gov.au

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Annex A

Reference list of elements of a fully liberalised telecommunications services sector

The following is a general description of a fully liberalised telecommunications services environment, towards which each economy will plan its own path-in line with the prevailing legal and regulatory environment and government structure of each economy-within the framework of the Bogor Declaration timetable for achieving free trade and investment in the APEC region.

1. In a fully liberalised telecommunications sector, **users** would have:

   * choice of suppliers of telecommunications services, offering a full range of services, including telephony, data, news and information, and fully interactive services;
   choice of suppliers of telecommunications services offering lower prices, greater convenience or specialist service offerings; and
   ready access to timely information about customer services and billing.

2. In a fully liberalised telecommunications sector, suppliers of telecommunications services would be able to extend their business activity without restrictions on entering the market, including:

   * restrictions on the number of network providers or installers of network infrastructure,
• except where limited by scarce physical resources; complex or time-consuming licensing arrangements;
• restrictions on foreign-owned carriers and service providers; or
• restricted access to the network infrastructure of other suppliers (i.e. interconnection).

3. In a fully liberalised telecommunications sector, suppliers of telecommunications services and users would both benefit from a full range of competitive safeguards that:

prevent a dominant supplier from abusing market power;
* prevent domestic companies being favoured; and
provide clear and accessible (i.e. 'transparent') laws, regulations and administrative procedures, which would ensure non-discriminatory treatment of service providers and users.

4. In a fully liberalised telecommunications sector, investors would have confidence to invest in the telecommunications industry and in companies reliant on telecommunications services, on the basis of stable legal and administrative arrangements that remove the risk of arbitrary or unexpected changes in the commercial environment.

5. In a fully liberalised telecommunications sector, governments would have clearly defined responsibility to:

* provide for transparent and non-discriminatory policy arrangements to meet the needs of their economies;
* ensure that the regulatory authority responsible for telecommunications is legally and structurally independent, with a legal responsibility to act impartially and expeditiously, and with adequate resources to fulfil its function;
* ensure transparent mechanisms to support universal access to standard telecommunications services as agreed within each individual economy;
* fairly allocate scarce resources, such as spectrum, numbering and right of way; and
provide for a full range of consumer protection measures.

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Annex B

Key contacts
Government bodies

Australian Communications and Media Authority (ACMA)
http://www.acma.gov.au

Canberra Melbourne
PO Box 78  PO Box 13112
Belconnen  Law Courts
ACT 2616  Melbourne
VIC 8010
Tel: (02)  6256  5555
Fax: (02)  6256  5353
Tel: (03)  9963  6800
Fax: (03)  9963  6899

Australian Competition and Consumer Commission (ACCC)
http://www.accc.gov.au

National Telecommunications Office  Group
PO Box 1199  GPO Box 520J
Dickson  Melbourne VIC 3001
ACT 2602
Tel: (02)  6243  1111
Fax: (02)  6243  1199
Tel: (03)  9290  1800
Fax: (03)  9663  3699

Department of Communications, Information Technology and the Arts
http://www.dcita.gov.au

Telecommunications Division
GPO Box 2154
Canberra ACT 2601
Tel: (02) 6271 1000
Fax: (02) 6271 1850

**Industry bodies**

*Australian Communications Industry Forum (ACIF)*


PO Box 444
Milsons
Point NSW
1565
Tel: (02) 9959 9111
Fax: (02) 9954 6136

*Telecommunications Industry Ombudsman (TIO)*


PO Box 276
Collins Street
West
Melbourne Vic
8007
Tel: 1800 062 058 or (03) 8600 8700
Fax: 1800 630 614 or (03) 8600 8797

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**Footnotes**

1. Paging services had been licensed progressively under the Radiocommunications Act 1983 which had formally extinguished the Minister's residual monopoly on radio communications and liberalised the licensing of radio-based networks.
2. The principles by which competition reforms were to be progressed were agreed by the Council of Australian Governments and formalised in the Competition Policy Reform Act 1995. Reform involves the structural separation and disaggregation of an industry into its various segments and the introduction of competition. Where it may not be feasible to have competition, such as transmission infrastructure, non-discriminatory access arrangements are developed.

3. The Uruguay Round concluded with the Marrakesh Agreement in 1994. It registered a shift in the way telecommunications services (especially value-added services) were viewed by trading nations. Basic telecommunications services were covered by the subsequent World Trade Organisation’s Agreement on Basic Telecommunications (ABT) of 15 February 1997. To ensure that market access is fair in practice, most ABT signatories also agreed to a set of Regulatory Principles that were developed in the course of the negotiations.

4. The Reference List that was contained in Annex 2 to the Gold Coast Declaration of 6 September 1996 can be found at Annex A.

5. The Telstra Corporation Act 1991 provided for Telstra, among other things, to remain in full public ownership.

6. The USO acts as a safety net, particularly for people in more remote areas and for those with disabilities, by requiring the provision of a standard telephone service or equivalent, and the provision of payphones and digital data services. Without the USO, it may be unlikely that these customers may generate sufficient revenue to justify the expensive rollout of infrastructure.

7. The Radiocommunications Act 1992 established the Spectrum Management Agency and provided the framework for new approaches to management of the radio frequency spectrum, including the auctioning of licences for radiocommunication services.


9. Details of the current legislation may be accessed via the Department of Communications, Information Technology and the Arts website at http://www.dcita.gov.au

10. The ACCC is an independent government body responsible for enforcement of the competition and consumer protection provisions of the Trade Practices Act 1974 and for prices surveillance, inquiries and monitoring. The ACCC was
established by the Competition Policy Reform Act 1995 with the merger of the Trade Practices Commission and the Prices Surveillance Authority.

11. Part XIB supplemented the Act’s existing powers to deal with anti-competitive conduct, while Part XIC established an access regime of rights and obligations for carriers and service providers to promote the long term interests of end-users.

12. The ACMA was established under the Australian Communications and Media Authority Act 1999 as the result of a merger between AUSTEL and the Spectrum Management Agency (SMA).

13. A record of all registered codes is available through the ACMA's website at http://www.acma.gov.au

14. The CSG, which came into effect on 1 January 1998, provides for financial compensation by telephone companies to residential and small business customers where minimum performance levels in providing customer services, such as new connections and fault repairs, for standard telephone services are not met.

15. There are no restrictions imposed on network suppliers (with the sole exception that no carrier may install or operate an analogue AMPS network). The Commonwealth Government mandated the closure of the analogue network-by 31 December 1999 in the metropolitan areas of all capitals (except Darwin and Hobart) and by 31 December 2000 in remaining areas, with Telstra replacing its analogue mobile phone network with Code Division Multiple Access (CDMA) technology.

16. The requirement for industry development plans is aimed at promoting long-term strategic relationships between carriers and suppliers. These plans are the responsibility of the Minister for Communications, Information Technology and the Arts and are administered by the Department of Communications, Information Technology and the Arts. A carrier licence cannot be issued to an applicant until their industry development plan is approved by the Minister.

17. Foreign ownership in Telstra is restricted in total to 35 per cent, with individual foreign investors limited to 5 per cent of non-Commonwealth/publicly available shares.

18. There are four types of network units-line links connecting distinct places in Australia where the line link meets certain minimum distance requirements; satellite-based facilities used to supply carriage services between two or more points
in Australia; base stations used for mobile services or wireless local loop services; and certain fixed radiocommunications links.

19. A carriage service provider uses, or proposes to use, a carriage service to supply carriage services to the public using network units owned by a carrier (e.g. phone or Internet access services). A content service provider supplies, or proposes to supply, content services to the public (e.g. an electronic newspaper or pay TV). A carrier engaged in these activities is also considered to be a service provider.

20. The guidelines, Anticompetitive Conduct in Telecommunications Market, August 1999, can be accessed on the ACCC website at www.accc.gov.au

21. 'Any-to-any connectivity' is a shorthand expression meaning the ability of any telephone user to contact any other user, regardless of which telecommunications operator serves each customer.

22. The Telecommunications Access Code is available from the ACCC website at www.accc.gov.au

23. The register of declared telecommunications services is available from the ACCC website at www.accc.gov.au

24. The T(CP&SS) Act provides for price control arrangements for certain services supplied by Telstra. The controls are administered by the ACCC. In June 1999, the Government announced the system of price caps that apply to Telstra would be retained. The arrangements to apply from 1 July 1999 to 30 June 2001, include a requirement that Telstra reduce average prices for a basket of services by at least 5.5 per cent in real terms each year.

25. The TIO was established in 1993. The TIO scheme is a company limited by guarantee, operating at arms-length from industry and Government. Funding is derived from fees charged to members, based on complaints against members. The Act requires certain carriers and carriage service providers to enter and comply with the scheme.


27. Telstra (Further Dilution of Public Ownership) Act 1999

28. Competition notices serve as a warning to recipients to modify their conduct. They also open the way for the ACCC to pursue enforcement action in the Courts.

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The Secretary
Department of Communications, Information Technology and the Arts
GPO Box 2154
Canberra ACT 2601
Australia

Telephone: (02) 6271 1000
Facsimile: (02) 6271 1901
Email: info@dcita.gov.au

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