



AUSTEL's Radical 'DMF'

'They're all on Prozac', was the comment of one disgruntled observer at a recent (20 June) Sydney meeting held by AUSTEL to discuss a framework for determining anti-competitive pricing.

The regulator surprised many in the audience by proposing to change the legislated ground rules as well.

Recent amendments to the Telecommunications Act gave AUSTEL powers to review carrier tariffs for basic carriage services to determine whether they are anti-competitive. A subsequent Ministerial determination also required AUSTEL to develop a 'decision-making framework' in which determinations of anti-competitive pricing can be made. (A basic carriage service (BCS) has been defined in the legislation and in AUSTEL opinion to cover most services offered by the carriers.)

The ultimate irony is that, under the proposals, services such as Flexi Plans and Strategic Partnership Agreements - the original impetus for the legislative amendments and the rationale for developing a decision-making framework - would no longer need to be filed with AUSTEL and would not be subject to AUSTEL's determination as to their anti-competitive effect.

AUSTEL opened up its proposals on a decision making framework to public debate at meetings in Melbourne and Sydney and, in the process, revealed its new framework was predicated on changing the way basic carriage services are defined.

Rather than define a BCS in terms of an end-to-end service (eg, a Sydney to Melbourne call), the regulator proposed to define some of the components of a service as a BCS.

The first BCS would be the transmission from terminal equipment (eg, a handset) to the 'first possible point of interconnection' (FPPI) - where a carrier or service provider can connect into the network and offer an alternative service. The second BCS is the basic and ancillary switching functions, and the third BCS is the transmission from the FPPI to another switch. Further transmission is open to competi-

tion and is not included under the proposed new BCS definition.

Service providers welcomed the proposed new BCS definition because it would ensure that the basic componentry of a telecommunications service is offered and tarified on a non-discriminatory basis to all.

Carriers and consumers are not so sure. The redefinition would mean that BCS tariffs are defined in terms of componentry rather than in terms of an end-to-end service. Those services not defined as BCS are, under the Act, defined as Higher Level Services (HLS) and are not subject to tariff filing requirements. Therefore, the Sydney to Melbourne telephone call, containing a competitive element (inter-city transmission) becomes an HLS, for which no tariff need be filed.

The obvious and worrying concern for consumers is that very few of the tariffs that are now filed with AUSTEL would in future need to be filed, leaving little information on the public record about service terms, conditions and prices. There would also be serious implications for AUSTEL's ability to monitor the effectiveness of government price controls when few tariffs are actually filed.

As CU went to press AUSTEL was circulating a refined proposal for further discussion at a Melbourne meeting on 20 July. The components of a network service will not be defined as BCS, but as 'basic network services' for which the carriers will be required to assign 'flag prices'. Noting that there was an ongoing debate within the industry on what constitutes a BCS, and that current 'understandings' within the industry equated a BCS with a retail service, the new discussion paper says that the role of the decision-making framework is 'not necessarily that of overturning the present industry practice.' This debate is, in AUSTEL's view, better handled through the Ministerial review of telecommunications policy. □

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A conference organised by the Consumers' Telecommunications Network

Converging on

TeleCOMMUNICATIONS

Consumers and the 1997 Review



Tuesday 16 August 1994

University of Sydney

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The Converging on Telecommunications conference will focus on the implications of the government review of the telecommunications industry for residential consumers. The review will affect the affordability of the plain old telephone as well as determine future patterns of access to new technologies and services.

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