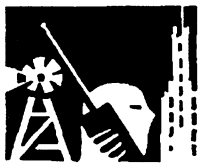

to be required to file tariffs and offer services consistent with those tariffs. Also they will not be able to offer themselves more favourable treatment that they offer competitors or to users. Powers of direction will also be available to the ACCC to prevent anti-competitive behaviour.

To further support the fair and open competition policy, provision will be made for effective accounting separation within a carrier and for operational arrangements such as number portability, preselection, calling line identification, etc.

Access to the multi-vendor national network will provide for any-to-any connectivity with highly functional interconnection - a cornerstone of the policy statement. All carriers will have rights of and obligations to interconnect to all other carriers ensuring that anyone can connect to anyone regardless of location.

The concept of multiple access arrangements has been obviated.

Enhanced service to users are well addressed in the policy principles. The new concept of a standard telecommunications service is identified and its specification will grow.

A 64Kbps service delivered to the premises with the objective of expanding to perhaps 2Mbps as broadband network rollout proceeds, should be our objective.

Consumer protection safeguards, together with privacy, censorship, legal liability and tariff information requirements are clearly outlined.

The Government, with industry, must now quickly develop the legislation to bring about the policy objectives and in the process identify those matters which could immediately become part of industry operating arrangements.

Substantial process change or re-engineering is required, supported by effective management training, if Australia is to reap the benefits of the Information Age and enhance its position in the global community. ❑

Balancing all interests

by **Brian Perkins,** Chair, Service Providers Action Network

From the service provider perspective, the proposed regime for regulating telecommunications post-1997 appears to balance the interests of all industry players.

The biggest lesson for service providers from the 1991 *Telecommunications Act* was that there must be clear rules for access and interconnection backed up by pricing principles and dispute resolution mechanisms. Service providers, through the Service Providers Action Network (SPAN), will be scrutinising the draft 1997 legislation to ensure these problems are addressed.

The larger service providers will have to decide whether or not to pursue carrier status under the revised definition, which, in the "Telecommunications Policy Principles: Post 1997", is expressed to be "persons who control access to telecommunications facilities used to provide services to the public and of such significance that they should be subject to mandatory access undertakings that achieve any-to-any connectivity and/or open access for service providers". Significantly, this includes companies such as AAP Telecommunications Pty Ltd who may not necessarily own infrastructure, but operate a network through entering into long-term lease arrangements.

Certainly if - as is the case under the current *Telecommunications Act* - the carrier/carrier access regime is more effective than that for service provider/carrier interconnect, "borderline" service providers may consider the cost of the carrier licence fee and annual contributions for industry administration a worthwhile investment compared to the frustration of negotiating access and interconnection from bigger market players who they ultimately compete with in downstream markets.

The proposed mandatory access undertakings that carriers will be required to give to the Australian Competition and Consumer Commission (ACCC) will be based upon the broad principles of the newly enacted Part IIIA of the *Trade Practices Act 1974*. SPAN has expressed concerns about certain aspects of the Part IIIA access regime in submissions onthe draft legislation. The lack of time limits on the appeal process is of particular concern, and SPAN will be mindful of the need to have time limits on appeal processes under any telecommunications access regime, given the incentive for carriers to delay giving access in the form of monopoly rents.

The 1991 *Telecommunications Act* focused on promoting sustainable competition in emerging telecommunications markets. This had benefits for smaller industry players. Under the proposed post-1997 regime, the ACCC will have the power to direct a carrier with a substantial degree of market power to cease conduct which, in the ACCC view, substantially lessens or inhibits competition. This shift in focus will inevitably disadvantage smaller service providers.

The transfer of competition policy functions to the ACCC whilst merging residual functions of AUSTEL with the Spectrum Management Agency, will ensure that the industry continues to receive the individual technical regulation that is needed.

The continuation of the class licensing scheme for service providers is welcome, provided that there are improved arrangements for monitoring anti-competitive carrier conduct and for ensuring access on reasonable terms and conditions and cost-based pricing. It will be important to ensure that the wider definition of "carrier" does not force smaller service providers out of the market. ❑