



with no published tariffs, there will be an inherent delay in the complaint process due to the need to gather enough evidence to convince the ACCC to issue a tariff filing/publication direction. This will mean that Telstra will constantly have an unsailable 'first mover' advantage and will be in a position to cry 'catch me if you can'. A big part of the problem is the intangible nature of services which means that the service definition can easily be transmuted to present a constantly shifting target.

Tariff publication is therefore a critical tool in gathering evidence for a complaint under the Competition Notice regime. In practice, however, the ACCC will find it difficult to reimpose tariffing because it will be forced to justify its position in the face of a massive PR machine constantly pointing to the effectiveness of market forces.

Although tariff publication could make tacit price coordination easier, the primary source of Telstra's price leadership is its dominance (which derives from the underlying industry structure). On balance the problems which tariffing is alleged to cause must be far outweighed by the consequences of not requiring tariffing. It is arguable that tariff publication actually promotes efficient market behaviour because it provides other players with accurate economic signals as well as market information which would otherwise be difficult and expensive to obtain.

Finally, the argument that tariffing imposes an unreasonable administrative burden is impossible to sustain. Telstra will have to prepare a detailed 'tariff' for its own internal purposes or risk a disastrous loss of management control - undisciplined, loss making selling, and serious contract and billing administration issues associated with trying to provide and bill a multitude of service and pricing packages. It would take no additional ef-

fort to file this internal 'tariff' and publish it. Further, there would be no additional burden on the ACCC, because we are not proposing that the ACCC undertake any tariff 'approval' process.

What will happen if the tariff rules are inadequate ?

New market entry is most likely to occur where large customers are clumped closely together (for instance, in CBDs) because that is where cost related barriers to entry are lowest. This means that it is potentially easy for the dominant player to frustrate, 'manage' and 'punish' new market entry by very narrowly targeting large CBD customers with special pricing packages and by dropping its prices on the routes between CBDs. Without tariff publication, the 'catch me if you can' scenario may become the norm and new market entry will either be constantly frustrated or not even be attempted.

What tariff rules are required?

Industry self-regulation would be best facilitated by requiring the dominant player to publish all of its tariffs for carriage services, because this would expose its pricing practices to market and industry scrutiny - that is, those in the best position to analyse the practices and take appropriate market or regulatory action. The obligation to publish could be progressively withdrawn, as and when the ACCC is satisfied that the publication of either individual tariffs or classes of tariffs is no longer necessary to promote effective market and industry scrutiny. In any case, this tariff publication obligation would be subject to review under the general review of industry-specific rules which is planned to take place prior to 1 July 2000. □

A network boundary or two

DRAFT REGULATIONS defining a network boundary point are on DOCA's Home Page and largely follow recommendations contained in AUSTEL's 1993 Network Boundary Report.

The boundary can be set by customer/carrier agreement on a point between the property boundary and the building entry point. Otherwise, the boundary is where the line connects to a carrier's network termination device or the building entry point. The boundary for radiocommunications services is a carrier's network termination device or, if the service is provided by an antenna or device, the outer surface of the antenna or device.

Industry will welcome the flexibility the regulations allow. Consumers will be less welcoming.

Carrier responsibility for service installation, maintenance and repair currently extends to the first socket in homes. Moving the boundary away from the socket to a building wall, or a PABX in nursing homes or caravan parks removes carrier responsibility for service into customer homes.

Further, if carrier networks end at the building wall, how will AUSTEL monitor service quality standards between the boundary and the customer?

AUSTEL's 1993 Report did not deal with consumer concerns over moving the network boundary away from the first socket. Three years later, the issues still have not been addressed. □

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