



1 July - a new era

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On Tuesday 1 July the federal government's new rules for full and open competition in the Australian telecommunications industry came into effect. For the first time, the industry will be open to all comers. Telstra will be one among many seeking to satisfy the rapidly growing demand for communications solutions in Australia.

In one sense, 1 July is a natural next step in the process of deregulating the industry, begun a decade ago. Telstra has strongly supported this opening to competition since debate on post-1997 began in 1994.

And yet, in a very real sense, it is an historic moment in the evolution of the Australian telecommunications industry. There are new rules, new players and even new umpires for this new ball game; a new era which will impact on:

- the way in which we market and sell our products
- the way we interact with our customers
- our relationships with our competitors
- our power to access and build facilities in rolling out our network

The new rules bring important new freedoms to the industry generally and Telstra specifically. Essentially, Telstra is free to act more like any commercial business.

'Firsts'

There are many 'firsts'. Fundamentally, the structure of the industry itself changes. The door is now open to all comers, large and small, from tiny start-ups in multimedia and electronic content, to the establishment of a regional presence by long-established overseas carriers and their partners. We welcome these new businesses.

There are no artificial market boundaries and no regulatory distinction between fixed and mobile services. The concept of market dominance goes, as do the anti-price discrimination rules. There are still constraints on how Telstra prices to customers but, for the first time, Telstra will be allowed to offer discounts to selected customers. No longer must one size fit all. With these changes, Telstra looks forward to being able to be more innovative and responsive to market demands.

Broad customer protection includes Telstra's continuing role as Universal Service Obligation (USO) provider, price control, continuation of untimed local calls, and a Customer Service Guarantee scheme to ensure that industry players meet customer service standards set by the ACCC. Australia will have an industry where the key competition rules apply to everyone, without special exemptions or reserved activities for participating individuals. This is a first - and an important one. With new freedom to satisfy customer needs, there are also increased obligations and responsibilities. There is greater emphasis on self-regulation, with industry participants taking responsibility for consumer codes and technical standards. Telstra strongly supports this and will work closely with other participants to ensure self-regulation works.

Again for the first time, Telstra and other carriers are subject to state, territory and local government building, planning and environment laws in regard to our network related activities. This seeks to strike the right balance between the need to most effectively and efficiently 'wire' up Australia to the latest telecommunications technologies, and the right of local communities and authorities to be consulted on matters that may affect their environment.

Telstra energised

Chief Executive Officer Frank Blount said about the new direction, 'It has always been Telstra's strong view that customers are the point of the deregulation exercise. We - and not just Telstra, but every industry participant - now have the opportunity to action that view. Since competition was first introduced to the industry, it has been a cracking pace. Telstra has taken on all challenges and all challenges - and in large part has done so successfully, notwithstanding the inevitable loss of our market share.

The opening up of the industry to all comers is arguably Telstra's most significant challenge - but also a wonderful opportunity to show our customers and for that matter, our competitors, just how good we can be.

'Telstra has been in training for some time for post 1997 - improving efficiency and productivity, cutting costs, improving customer service, growing existing and new markets, and adjusting our staff profile so that we have our people where we most need them - not overwhelmingly in support roles, but in serving customers.

We believe our preparation has made us leaner, more flexible, more responsive. As Frank Blount says, 'We have identified our strengths and our weaknesses. We are doing both old and new things better and smarter than we used to. We are doing more with less. And in all that we do our focus, clear and sharp, is increasingly on customers. No longer are we hampered by the rules of a different time, a different culture which meant we could not serve our customers as effectively as we wanted. We are energised by competition' □