



Market outcomes: good or bad?

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The passage of the massive bundle of legislation and its associated Senate inquiries and amendments has finally been accomplished after what seems like a decade of public debate about the future of telecommunications in Australia. From 1 July 1997, a deregulated market will open.

Consumers have mixed feelings about this. Many had criticisms of the old Telecom and a suspicion that a privatised, competitive framework would force it to become more responsive to our needs. On the other hand, it hadn't done too badly at getting just about everyone on the phone. A market of vast distances and scattered populations doesn't exactly have the investors rubbing their hands with glee. There were, and still are, fears about the outcome of the launch into a free market.

More or less choices?

The excitement which greets new entrants to the market, and new products and services, is beginning to be tempered with a suspicion borne of overmarketing. The information superhighway may yet turn out to be a fizzer. Consumers bear the brunt of gee-whiz ideas that don't work or don't interconnect. Nobody in Australia wants to be sucked into buying the equivalent of Beta instead of VHS.

Curiously, we see the competitive marketplace, with its fight to win and keep customers, restricting rather than expanding the choices we thought we could have. The lack of local phone number portability, pay TV set top boxes that cannot respond to more than one provider, the closure of a mobile phone network, are all signs that we are being force us

into segmented rather than competitive markets.

Enshrined rights

And what of consumer protection? In a quaintly optimistic move, the government intends to combine open entry competition with self-regulation; a 'hands off' approach based on the assumption that hungry money-makers fighting for our wallets will spontaneously commit to friendly agreements with competitors to assure quality and reliability. The fact that the Telstra sale bill included provision for a customer service guarantee (which, incidentally, is yet to see the light of day) looks like a measure of the government's uncertainty about the chances of success with this policy.

The *Telecommunications Act 1997* contains some important protections for consumers: the universal service obligation is retained, although the process of putting it up for tender causes some disquiet. The right to an untimed local call, so bemoaned by the industry and fiercely guarded by the public, is enshrined in legislation. And there are (in theory) customer service guarantees, although these cover only connection and repair times, a very narrow part of our needs. There is a legislative commitment to payphone provision and to services for people with disabilities, although little has been done to implement these policies. In these areas we will be watching the industry closely to see that these obligations do not get left behind in the race for lucrative markets.

One aspect of the new structure which is disappointing for consumers is the fossilisation of the standard telephone service. It has been re-

stricted to voice only (with limited extension for Deaf TTY users) and preserves existing calling zones for the untimed local call. We doubt competition alone will drive the benefits of improved technologies far beyond the major cities and businesses.

Self-regulation

Industry self regulation takes place through two main forums - the Australian Communications Industry Forum (ACIF) and the Australian Communication Access Forum (ACAF). Consumers are represented in the ACIF and may be granted observer status in the ACAF.

Through its self-regulatory forums, the industry and consumers are working to develop voluntary codes of practice. These will only inspire consumer confidence if there are accessible and prompt compliance procedures. We look to the regulators and complaints handlers to be available and active. In particular, we need a source of independent verification for matters of dispute such as quality of service or billing accuracy. There is a need to adopt a policy of active assistance to consumers, including resourcing for consumer advocacy. We need information to be in the public arena and in understandable form. Individual consumers cannot be presumed capable, unaided, of dealing as equals with the industry.

The challenge is to create a vibrant, competitive industry which also protects access and equity for the public. It is too early to tell whether this model will achieve it. At this stage, the policy of deregulating and opening the market to competition at the same time could best be described as 'courageous'. □