



# Pre-selection and the ballot

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In 1993 a new system was implemented that would give the opportunity for telephone customers to make an initial selection of their preferred carrier, either Optus or Telstra, for long distance and overseas calls.

The Pre-selection Campaign commenced in 1993 and was completed in December 1996 with the conclusion of ballots in all areas of Australia. The completion of the pre-selection process marked a milestone in the introduction of competition into the Australian telecommunications market under the government's program of micro-economic reform.

## Regulating competition

Pre-selection was part of government policy to regulate the liberalisation of the telecommunications industry in Australia under the *Telecommunications Act 1991* and to meet the objectives of the promotion of competition, consumer benefits and the protection of the public interest and consumers.

Under this legislation, it was a carrier licence condition to make pre-selection available through the modernisation of all exchanges by 1997. Implementation of pre-selection was to occur as soon as possible after exchanges were modernised, in a timeframe agreed to by the carriers or, failing agreement, as determined by the Australian Telecommunications Authority (AUSTEL) (now the ACA).

## AUSTEL's role

As exchanges were modernised progressively over the period to 1997, Optus was able to offer customers access to its long distance and international services through the use of 'Dial 1'. There was carrier agreement that 'Dial 1' access would be available for approximately 6 months preceding a ballot.

As part of its role to oversee the pre-selection process, AUSTEL consulted with representative consumer organisations to ensure that measures were in place for the protection of consumer interests.

## The ballot

The introduction of pre-selection through a postal ballot process was seen in the context of long term benefits to Australian telephone customers. A ballot was regarded as the best way of implementing the Government's policy of 'equal access' where customers were able to express their choice of carrier by 'preselecting' long distance telecommunications services. It was also considered the balloting system would:

- safeguard the rights of consumers to an informed choice, rather than relying on carrier publicity alone to motivate customers
- enable the process of choosing a telephone company to be structured and well-timed, making the overall process more efficient
- enable management by AUSTEL of a commercially neutral public education campaign that was put in place preceding a ballot
- enable supervision of the process by the regulatory authority (AUSTEL) to ensure consumer interests were protected.

## The Pre-selection Education Campaign

As part of its pro-competitive charter, AUSTEL conducted a responsive education campaign involving extensive consultation with local media, politicians, community and business groups. The nationwide Pre-selection Education Campaign, was designed to inform consumers about one of the most significant changes in Australian telecommunications - the availability

of choice between Telstra and Optus for long distance services.

AUSTEL is confident that this information campaign empowered consumers to make positive individual choices. AUSTEL's research revealed consistently high levels of awareness and understanding about the ballot process. AUSTEL is also pleased with the high level of response, given that the Ballot was not compulsory. In this respect, AUSTEL considers it has fulfilled its obligations and role to promote competition, fairness and efficiency in the telecommunications industry as well as to protect the interests of customers.

## Outcome

In less than four years, Optus achieved approximately 15 per cent of the \$4 billion long distance phone market. By world standards, this rapid growth is considered an extremely successful example of the introduction of a new phone company into a previously monopolised market.

The cost of the carrier funded ballot process (including the public education campaign) was estimated at approximately \$30 million dollars over four years. These costs need to be considered in the context of the \$4 billion long distance and international phone market.

Competition continues to stimulate both carriers, Optus and Telstra, to innovate, improve quality and reduce costs and those benefits are being passed on to the public. All Australians have now been given a choice of phone carriers for long distance calls. More than 8.5 million Australian households were directly balloted and the entire community was involved in the campaign. □

**For further details about the Ballot, contact Helen Pangratis on tel (03) 9828 7459.**