



Directory assistance: Telstra charges ahead

Should consumers be required to pay for the 013 service?

One day after the introduction of open competition, Telstra notified the Minister for Communications and the Arts that it proposes to introduce a 50 cents charge for certain calls to directory assistance service information (013). There are two sides to the story.

One side asks how you'd feel if you walked into David Jones and wanted to know where you could buy a shirt. You'd go to the Information Desk. The person there says 'I'll tell you for 50 cents'. You say: 'I'm going to Myers'. Who else charges for information about how to use their service? You don't get numbers from directory assistance for fun, you get them because you're going to ring them. When you do, the phone company collects the rent. So why should they charge you for the information in the first place?

Telstra has been wanting to charge for directory assistance services for years. It is one price that is subject to Ministerial notification and disallowance under the Telstra Act. Hence Telstra has had to seek the Minister's approval to 'increase' the charge.

The other side of the story is Telstra's. Directory assistance, it is said, was originally introduced not to substitute for, but to supplement the White Pages. The White Pages come with your phone service. If you want a number, you're supposed to look it up. But numbers change, people move, new numbers come on stream

and the White Pages rapidly become out of date. And some numbers you want are outside your local area. You need a service with the up-to-date and out-of-town numbers and the only way that's been possible has been through an operator controlled or assisted telephone directory assistance service (Now CD-ROMs are also available).

The problem is that some people are lazy with the White Pages. They find it easier to dial 013 all the time. Telstra claims 70% of calls to 013 are for numbers correctly listed in the White Pages. And the laziness, says Telstra, is catching. The 8.5 million calls to 013 each week are growing by 25% a year. The service costs \$210 million each year to operate but is not used at all, or very rarely, by 60% of customers. 7% of customers account for 97% of the usage.

Telstra's proposal

Telstra has proposed to the Minister a 50 cents charge for calls to 013 which are correctly listed in the White Pages, with several features:

- no charge for new, changed or other numbers incorrectly listed in the current White Pages;
- \$5.40 reduction in annual line rental for each customer, which Telstra claims will mean they are handing back to 'good' customers as much as they are earning from the 50c charge on 'bad' customers. Telstra has also said it will audit the financial results after 12 months and hand back to customers any revenue generated in excess of the forecast ;

- no charge where the customer cannot for whatever reason read, hold or use a printed directory; and
- no charge for calls from a Telstra or private payphone.

Telstra has also committed itself to improving access to alternative directory products, such as CD-ROMs and White Pages on the Internet, and to improving its service quality by speeding up the answering of calls to 013 - 90% of calls will be answered within 10 seconds (instead of the current 76%).

The process

Telstra has been wanting to charge for directory assistance services for years. It is one price that is subject to Ministerial notification and disallowance under the Telstra Act. Hence Telstra has had to seek the Minister's approval to 'increase' the charge. The Minister sent the matter off to the ACCC for advice. The ACCC was due to report to the Minister early in August.

Key issues include the real economics of Telstra's proposal (will the charge bite the 'lazy' users even harder than Telstra is forecasting?) and the fairness and effectiveness of any process for gaining exemptions from the charge for people who are genuinely unable to use printed directories (nice in theory, but how will it actually work in practice?).

But before that comes the philosophical question. I want to buy from you. Why do I have to pay to find out how to do it?

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