

---

# Regulatory issues

## Telecommunications

### Declaration of transmission services

On 17 August 1998 the Commission announced its decision to declare most inter-capital and high bandwidth transmission services throughout Australia as well as technical amendments to the current transmission services declaration.

The Commission decided not to declare transmission capacity between Sydney and Melbourne as new entry is occurring on this route. This is a modification to the draft report issued in May 1998 which indicated an intention to declare all inter-capital routes.

The decision means that existing providers of transmission services must supply the services to access seekers on terms that ultimately can be arbitrated by the Commission if the parties cannot come to agreement. The Commission will review the decision within two years or sooner if need be.

It is expected the decision will promote competition in the voice and data-related services markets with a greater range of products and lower prices.

### Pricing local telecommunications services — discussion paper

On 7 October 1998 the Commission issued a discussion paper on the pricing of local telephony services. The paper is part of the Commission's current local call inquiry that is investigating methods of promoting competition in the local telephony market.

The paper focuses on the alternative methods of pricing that will provide carriers with access to Telstra's customer access network, which is the set of lines that connect customers to their local telephone exchange. Access to these lines will enable carriers to provide competition in the

provision of local telephone services to businesses and households, including local call and enhanced services such as high-speed data services.

The purpose of the paper is to seek submissions from interested parties to the Commission's preferred pricing methods. The Commission believes its preferred pricing methods are consistent with the current uniform retail prices for untimed local calls. While the paper is designed to assist the Commission's consideration of the issues reviewed by the local call inquiry, it should not be seen as pre-empting the Commission's decision on whether to declare these services.

### Mobile to fixed telecommunication service public inquiry

On 8 October 1998 the Commission announced a public inquiry into whether to declare mobile to fixed services.

Declaration of mobile to fixed services will enable service providers to supply the long distance transmission component of long distance and international calls made on mobile handsets. Currently, the three mobile carriers determine the routing of long distance calls made on their networks. This is in contrast to fixed networks where customers can select an alternative carrier for long distance calls made on their fixed telephones.

It is proven that declaration will lead to significant cost savings to mobile subscribers in Australia by encouraging competition in the long distance and international call component of the mobile telephony market. However, it is conceivable there may already be a healthy market for the reselling of mobile services. Further, it is possible that declaration may discourage new entrants and the existing carriers from investing in infrastructure.

The Commission is currently preparing a discussion paper on mobile to fixed services.

The paper will outline the service being examined, explore the key issues, and specify the process and time frame for the inquiry.

### **Estimating the long run incremental costs of PSTN access — draft report**

On 16 October 1998 the Commission released the draft of an independent consultant's report by National & Economic Research Associates (NERA) which estimates Telstra's costs of carrying other carriers' calls on its network. This work was commissioned as part of the Commission's assessment of Telstra's access undertaking.

The report contains a comprehensive costing model of Telstra's network developed by NERA. The model has the potential to increase the transparency of Telstra's costs.

It should be noted, however, that the results at this stage are preliminary. The Commission is making the draft report publicly available for industry to comment on the assumptions underpinning the model. It is expected that industry comment may lead to revisions in the outcomes of the report.

## **Airports**

### **Draft guide to declaration of airport services**

On 13 October 1998 the Commission issued its draft guide to declaration of airport services under s. 192 of the Airports Act.

In July 1997 the Government granted long term leases at Melbourne, Brisbane and Perth (Phase 1) airports. In May 1998 it granted leases on a number of other airports, including Adelaide, Alice Springs, Canberra, Coolangatta, Darwin, Hobart, Launceston and Townsville.

The Government introduced a package of regulatory measures to apply to privatised airports and gave the Commission primary responsibility for implementing and administering them. Access arrangements under the Airports Act and Part IIIA of the Trade Practices Act are a core part of the package.

Certain airport services are declared for purposes of Part IIIA under s. 192 of the Airports Act 12 months after the leases begin unless an undertaking has been accepted by the Commission. These provisions already apply to the Phase I airports. The Airports Act does not list the services subject to declaration; instead it sets out declaration criteria.

In publishing the draft access undertakings guide the Commission aims to assist airport operators, airport users and other interested parties interpret s. 192 of the Airports Act.

The draft guide contains information on which airport services the Commission considers likely to be declared under the Airports Act, for the purposes of Part IIIA of the Trade Practices Act. It also explains the relationship between declaration of an airport service and airport access undertakings. An airport service the subject of an access undertaking cannot be declared. As such, this draft guide may assist Phase II airport operators in deciding whether to lodge an access undertaking.

The draft guide groups airport services into a number of categories and assesses each of the service categories against the criteria in s. 192(5), using the framework established for interpreting the criteria.

Copies of the draft guide are available from Gavin Gillies on (03) 9290 1829 and from the Commission's web site.

**Application of the 'airport service' test in s. 192(5) of the Airports Act**

<b>Service</b>	<b>Criterion (i) — Is the service necessary?</b>	<b>Criterion (ii) — Is the facility significant and uneconomic to duplicate?</b>	<b>Is the service likely to be within the definition in section 192(5)?</b>
Airside facilities (runways, taxiways, aprons, etc.)	Yes	Yes	Yes
International passenger processing areas (check-in desks, gate lounges, customs, etc.)	Yes	Yes	Yes
Domestic passenger processing areas (check-in desks, gate lounges, customs, etc.)	Yes	Assessment case by case	Assessment case by case
Administrative office space	Yes	No	No
Commercial and retail facilities	No	No	No
Flight catering facilities	Assessment case by case	No	No
Refuelling facilities	Yes	Assessment case by case	Assessment case by case
Land for providing refuelling services	Yes	Yes	Yes
Land for providing ground service and freight handling equipment storage facilities	Yes	Yes	Yes
Ground service and freight handling equipment storage facilities	Yes	Assessment case by case	Assessment case by case
Sites for cargo terminal facilities	Yes	No	No
Sites for light/emergency maintenance facilities	Yes	Yes	Yes
Sites for heavy maintenance facilities	Yes	No	No
Landside vehicle facilities	Yes	Yes	Yes
Waste disposal facilities	Yes	No	No