

# Regulation of a sleeper

**Oliver Barrett considers the future of mobile communications as a consumer product and as a catalyst for change**

**P**ublic access cordless telephone systems are aimed at different users and should reach a sector of the market that cellular mobile telephones do not. Users probably will be people for whom it would be more convenient rather than necessary to have mobility. These users will accept far fewer features on such systems providing this is accompanied by lower cost.

## Features v costs

What are the advantages and disadvantages for users? There is no easy answer to this because benefits are largely dependant on proposed use. Certainly for the immediate future, cost and proposed use will determine for most users whether they use cellular mobile telephones (CMT) or public access cordless telephones (PCT).

Outgoing calls can be made by PCT users when near a public base station but incoming calls cannot be received. Studies overseas have shown that approximately 80% of calls made using cellular mobile telephones are made by the subscriber. PCT should be available at approximately one third of the capital and operating costs of CMT. A user who is considering or already using a pager could, by combining the two, achieve an effective mobile communication package.

PCT can also operate for both incoming or outgoing calls from a base station which can be at the home or office. The base station to an extent acts as a local "trunking" device where all the "extensions" are handsets. At present there can be six handsets.

## Potential

**O**n the negative side there are many who hold the view that this is technology with a limited future. Austel, in its recent report shares this view and calls it a limited window of opportunity. Unlike with CMT, there is only limited mobility available to users while talking and there is as yet nothing more than a memorandum of understanding amongst some European countries as to a common air interface between the various systems and technologies available. There is, of course, no guarantee that the technology chosen by any Australian supplier will be the dominant technology in a few years time.

However, there are reasons to be more positive about the market significance of PCT and its longer term impact, including:

- PCT technology is likely to play a vital role as a catalyst in popularising and developing the whole concept of "mobile communication".
- A mass market for mobile communications is likely to be created amongst those users who pay directly for their service.
- By providing an entry level to mobile communications (when coupled with the tendency to trade up), PCT will eventually boost cellular mobile telephones and the whole "mobile" market.
- A high proportion of users will be likely to use PCTs with pagers or voicemail systems to the benefit of providers of those services.
- PCT does not have many of the notorious failings of the first generation home cordless telephones (poor quality reception, lack of security etc.) and could prove popular with households and small businesses particularly considering the advantages of free use near the base station.
- It is important to note that this PCT technology uses the existing Telecom public switched network (PSTN) to build a new service for users. Its major impact is to provide new access to networks rather than a new network.
- As there is no requirement for cells to overlap (unlike CMTS) capital requirements are reduced.

Can public access telephone systems fill a niche need for a better public telephone service and particularly the need to cater for the mass market for mobile communications? Will this provide the necessary competition to fuel the communications market of the 1990s and to what extent should this be regulated?

Attempts at this stage to assess the worth of a right to provide these services are, at best, of questionable accuracy.

## The Regulatory Issues

The Austel report on PCT has been overshadowed by the heated debate over the Austel CMT report. Increasingly, as technology advances, the distinctions between CMT and PCT will become regulatory rather than technical. The regulatory issues are worth further consideration.

Based on the concept that there should be competition, but that competition should be responsible, it is suggested that:

- Austel has got the level of regulation correct for PCT.
- As there is less supplier capital needed per user than with CMT, there is less need to regulate to protect the supplier.
- Entry into the PCT market is easier and there is accordingly less need to regulate to ensure competition.
- PCT by its very nature will use the Telecom PSTN extensively. To a great extent the spectres of community service obligations and the like are dealt with.
- CMT providers (including Telecom) will get a boost from the mass entry of users into the lower end of their market and the level of regulation necessary to protect CMT from PCT is reduced. CMT providers will, if the Austel recommendations are followed, in any event be able to provide PCT services as part of their own licences.

**B**y all means let us regulate to protect in vulnerable areas but only where this is really necessary.

Austel has got the level of regulation correct for this service and we should do all that we can to ensure that we avoid spoiling by over-regulation what could be a mutually beneficial situation for users, suppliers and Telecom.

Perhaps the real question is why has this service not enjoyed a higher profile, particularly since the release of Austel's report on PCT pointed the way to minimal regulation.

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## Errata

In the Autumn edition of the Communications Law Bulletin (Vol 10, No.1) the following omissions were made:

Ken Taylor was omitted from the list of CAMLA office bearers for 1990.

Michael Hall, author of the article "Official investigations and laying charges: what can be reported", is a lawyer with the Sydney firm of Phillips Fox.

Stephen Menzies, author of the article "Pont Data Australia v ASX", is a partner with the Sydney firm of Allen, Allen and Hemsley, solicitors.