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10 March 1999

Dear Mr. Cosgrove,

Further to my letter of 25 February 1999 forwarding the Balanced State Development Working Group's submission to the Commission's current inquiry into the Impact of Competition Policy Reforms on Rural and Regional Australia I have now received a copy of the report prepared by NatTel Pty Ltd for the Australian Capital Region Development Council in February 1999 proposing a telecommunications strategy for the Capital Region. Since the area covered by the Capital Region is not simply an amalgam of the Australian Capital Territory and the South Eastern Region of New South Wales a map is attached for ready reference

Of immediate relevance to the Commission's current inquiry is the infrastructure overview at page 41 and Community Workshops Outcomes provided at pages 47-49. Copies are attached. In the view of the B.S.D.W.G. both the overview and outcomes strengthen the views expressed in issues 3 and 4 of our submission. My colleagues have asked me to point out that these Workshops were held before Telstra announced its 18 January 1999 changes to STD call rates.

I understand that the attached extract from 'Telstra News' has now been distributed to all business and residential Telstra customers in NSW. At the top of column 3 Telstra claim that 'Telstra STD rates are based on distance, so the closer you are, the less you pay' yet the table makes it clear that a telephone call from Merimbula to Sydney is more expensive than one from Melbourne to Sydney and that a telephone call from Sydney to Melbourne is cheaper than one from Merimbula to Melbourne. At the top of column 1 Telstra claim that '...we were always looking for ways to give our customers what they want.' It is B.S.D.W.G.'s clear view that nobody living and/or working in Regional or Rural Australia wants this blatant form of price discrimination.

Finally it has been pointed out to me that I failed to include with our submission either the letter I wrote to Prof. Fels last year on matters related to issue 5 of our submission or the position documentation for the ACCC's Regional Director South Australia. Prof. Fels has not

replied to the letter and given the 'Important' selection criteria listed in the position documentation
B.S.D.W.G. fails to understand why only economics, commerce, law and accounting are listed
as preferred disciplines.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'C.C. Halton', written over a horizontal line. The signature is stylized and cursive.

Commissioner John Cosgrove
Productivity Commission
PO Box 80
BELCONNEN ACT 2616



Attachment 1 Infrastructure Overview for ACR

A. CARRIERS

1. Fixed Telephony.

Telstra was not willing to supply information on its infrastructure in the Region. It is well known that they have a South Coast optic fibre track from Sydney through to Melbourne as well as a track through Canberra down the Hume Highway. They also have other infrastructure which distributes traffic to the towns outside of these two tracks - which may be wireless or optic fibre.

Telstra provides all the local distribution and switching infrastructure in the Region outside Canberra.

Optus also have two optic fibre tracks to Melbourne one along the South Coast and one down the Hume Highway through Canberra. There is no evidence these fibres are any more accessible or affordable to towns than with Telstra. OPTUS have a switch in Canberra also.

AAPT have a track from Canberra to Sydney plus a switch in Canberra.

Other service providers such as World Xchange have switches in Canberra to capture STD and international traffic. Macrocom is assembling a wideband wireless link to Sydney from Canberra.

Telstra is by far the dominant infrastructure provider of relevance to the population outside Canberra Queanbeyan at this time.

2. Mobile telephones

This infrastructure focuses on the Hume Highway, the Princes Highway, and the track from the Hume Highway to Canberra and then to Thredbo and Perisher. Even on these routes it is difficult to maintain a sustained conversation as the signal drops in and out (using unamplified hand held units particularly). Other transport routes such as the Olympic Highway and Snowy Mountains Highway are poorly serviced.

The other focus is the larger population centres.

Where these are not on a serviced transport corridor the service can be very frustrating. Just 2 or 3 km out of Young for example the signal drops out. Yet the clients of Young businesses would extend 20 km in most directions. Towns like Boorowa with a smaller population and not on a main transport route miss out altogether. It also means that potentially substantial out of town users, such as farmers, often miss out entirely.

The mobile infrastructure illustrates how regional communities can be particularly disadvantaged by the unavailability of roaming between carriers. Because all the carriers are trying to compete for the same market they are duplicating infrastructure. This duplication often leads to underutilised mobile capacity in some areas while many other areas miss out entirely.

When travelling in regional areas of Europe for example one regularly moves from carrier to carrier. In Australia each carrier invests in parallel and has to accept lower returns individually and in the aggregate from a divided and poorly serviced market.

Attachment 2 - Community Workshop Outcomes

Key Issues/Problems	Young 26/8/98 - 22 participants	Yass 27/8/98 - 14 participants
Data/Internet	Boorowa town and most rural areas have no local call access. Boorowa will be served by Young ISP in near future once Telstra problem overcome. Lack of access to Internet costing business eg backpackers. High cost using Internet from libraries. Busy lines and dropouts common.	Bandwidth problems - even faxes don't work Local call access not in rural areas Need to look at schemes to provide alternative access at reasonable price. Need information on how to link to services currently unavailable.
Fixed Telephony	Lack of competition for business - Telstra rates high STD required for inter-town calls - added costs Call zone boundaries don't reflect community influence eg some farms quite close to Boorowa don't have local call to the town. Existing lines are 'ordinary' - concern over data transfer.	Problems with poor lines - affects phones and faxes, forget Internet Costs - too many STD calls required for regional communication
Mobiles	No service in Boorowa town or most of Shires' rural areas - concerns over safety, business environment Poor digital coverage - will have impact when analogue system dropped	Too patchy - dead spots everywhere. Not sufficient coverage for some businesses - communications when travelling a real problem.
Other Issues/Problems	Equity - between areas and between people - communications not just for wealthy Technology needs to support human infrastructure, not totally replace it (eg banks, government services) Community interest needed - not just push by particular businesses. No SBS Patchy network for emergency services Information and infrastructure should be shared between organisations eg emergency services.	People want a quality of life equal to that of their city cousins. If rural businesses had the same communications with customers as city businesses, more might survive the current downturn. Need to explore telecommunications potential to impact on tourism in the region. Health services in towns need to have better links with outlying areas. Poor TV reception.

Key Issues/Problems	Cooma 28/8/98 - 18 participants	Bega 1/9/98 - 11 participants
Data/Internet	Telstra main carrier for data - what alternatives are there for the future? Bandwidth networks or Intranets may give cheaper prices by pooling resources.	Cost of bandwidth most important. Local ISPs have high cost structure compared to city ISPs which can become competitors. Region well served by ISPs include ACRNet. SCTN - will link up to Wollongong but links to rest of ACR also wanted. Need to aggregate demand from all levels of Governments right across region. Videoconferencing facilities needed for health and education. Need to overcome situation of playing catch-up with infrastructure.
Fixed Telephony	Wider local call zones - shouldn't suffer disadvantage compared to Sydney.	Poor quality of lines, particularly in remote parts of area
Mobiles	Poor mobile coverage in mountains discourages visits and investment from professionals who need to stay in touch. Safety concerns from patchy coverage. Need to encourage realistic competition.	See earlier comments
Other Issues/Problems	No SBS at Jindabyne Telstra removed live TV video points from Snowys - live crosses now impossible unless expensive satellite technology introduced. Telecommunications has potential to change economic mix in rural areas - need to collectively address the demand factor to move from 'visible' demand to future demand.	Delivery of tertiary courses could encourage young people to stay in district. Need access centres for exposing people to potential. Potential for microwave links, but difficulties due to terrain. Knowledge based industries are attractive and demand good infrastructure and training Could superannuation funds finance improved infrastructure?

Key Issues/Problems	Batemans Bay 2/9/98 - 15 participants	Canberra 3/9/98 - 24 participants
Data/Internet	Cost of bandwidth, quality of connections. Exploring opportunities for low cost high bandwidth connections to Sydney. Some businesses were based on large data movements - need to stay competitive to stay in area. Easy to divert blame - Telstra blames ISPs, they blame Telstra	Security of transactions. Applications drive the infrastructure. Infrastructure not utilised fully because of costs. Government needs to drive demand aggregation as in Victoria - governments could be anchor tenants. Solutions lie in utilising a range of technologies - wireless, satellite etc
Fixed Telephony	Costs - distance based charging Service for people outside of towns.	Receive better service than regional areas
Mobiles	Constraints on tower location due to environmental issues Poor or no coverage in high population areas eg Broulee, Narooma	
Other Issues/Problems	Using telecommunications to increase employment seen as key issue. Some participants saw community organisations in telecommunications as government funded competition for the private sector. Telecommunications should be stressed at school. Australia needs to export more data to reduce communications costs.	Flexible modes for learning and problem solving. Potential for IT cluster in Canberra. Awareness and training required to fully realise potential. Needs effective law enforcement system to deal with cybercrime etc. Privacy. Coordinated regional response needed to maximise RTIF opportunity

Key Issues/Problems	Queanbeyan 4/9/98 - 17 participants
Data/Internet	Braidwood needs infrastructure for video conferencing. Internet and radio are becoming preferred system of communications for emergency services - parity between city and country. Utilities are interested in becoming telcos. Becoming more important for tourism - travel centres are closing.
Fixed Telephony	local call centres best for tourism - local knowledge.
Mobiles	Satellite phones are the way of the future. Digital phones won't work in Bungendore.
Other Issues/Problems	Radio and paging for emergency services. Education and awareness program needed for options that currently exist. Local Councils have not grasped issues or their importance.

Solutions/ Opportunities

- Awareness and training campaign - multi focussed - elected officials, elderly, businesses etc. Needs to be flexible and innovative to ensure high levels of interaction and demonstrate real benefits.
- Development of community based actions and strategies on IT issues.
- Local call access to Internet across whole region.
- ACT and region education network - Canberra as hub, links to Wollongong, Wagga etc
- Australia Post to become community business centres?
- Regional corporations to implement telecommunications and economic development objectives.
- Focus on employment outcomes - it is most crucial factor in regional areas.
- Partnerships between infrastructure owners and service providers - better utilisation
- Look at options for delivering health and other community services from Canberra into region via telecommunications.
- Demand aggregation study to look at options for greater bandwidth and better infrastructure utilisation.

Clearer, simpler long distance rates.

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Now we've made Telstra's long distance pricing even clearer to understand. We've replaced some Flexi-Plan³ with lower per-minute rates for Telstra STD⁵. Also 0011 calls with *International Direct*⁶ introduced *Easy 1/2 hours*⁷ to give you one more option for enjoying longer chats at a low price.

International Direct 0011 standard per-minute rates cut by 15% to all countries, no matter how long the call!

From December 1998, all our standard per-minute rates have been cut¹ - permanently - by 15%, across all countries. Even better, instead of the separate Day and Evening rates for calls during the week there's now just one standard rate from Monday to Friday. Check out our new standard per-minute rates for some of the most frequently called countries. ▼

	Weekdays/weeknights	All weekend ²
	New rate (per minute)	New rate (per minute)
USA	77¢	40¢
UK	\$1.29	\$1.11
Canada	92¢	63¢
Australia	85¢	49¢
Japan	68¢	46¢
France	76¢	41¢
Germany	74¢	49¢
Italy	61¢	38¢
Spain	96¢	74¢
India	77¢	41¢
China	77¢	40¢

With Easy 1/2 hours, you can have a good long chat overseas with no surprises about the cost.

Think of new Telstra Easy 1/2 hours as a way of buying long distance feelings in bulk. It's a whole new way of dialling overseas – using the prefix 0018 instead of 0011 – and paying a simple, fixed charge for each 1/2 hour block⁷, any time of the day, any day of the week.

There's a very competitive charge for every country in the world; for example you can call the UK, USA, Canada or Ireland for just \$9 per 1/2 hour block. So next time you want to concentrate on the conversation, not the cost, dial 0018 for Easy 1/2 hours.

STD⁵ standard per-minute rates to be cut from 18 January 1999.

From that date, you'll enjoy even better value calling with Telstra STD. Telstra has reduced STD per-minute rates⁵ by 15% on average across all distances. This means that you'll pay no more than 14¢ per minute⁶ to call anywhere in Australia during Economy rate times (from 7pm to 7am weekdays and all weekend). A 15¢ connection fee applies. ▼

By the way...

Telstra STD rates are based on distance, so the closer you are, the less you pay. And with Economy rates that start from under 5¢ per minute⁶, it really doesn't cost much to keep in touch.

Simpler rates spell the end for some Flexi-Plans.

From 18 January 1999, Telstra Smart Saver, Family & Friends, Business Saver Plus and Business Circle Flexi-Plans will be discontinued.

This means you'll be able to assess the total cost of each long distance call with just one glance at the itemised section of your bill.

Our reduced long distance call rates will be available to all of our customers. There's no action required: you're automatically eligible for the new rates.

If there's anything else you need to know, simply talk to Telstra on 13 2200.

Calling Distance	For example, this distance includes calls between...	Economy rate 7pm-7am weekdays all weekend (¢ per minute)	Afternoon rate 1pm-7pm weekdays (¢ per minute)	Day rate 7am-1pm weekdays (¢ per minute)
Up to 50km & Community Calls	Melbourne and Mornington/Pakenham Sydney and Gosford/Perth Canberra and Yass	4.5¢	8.1¢	9.0¢
50-85km	Sydney and Wollongong Melbourne and Geelong Brisbane and the Gold Coast	9.0¢	16.2¢	18.0¢
85-165km	Sydney and Newcastle Perth and Bunbury Brisbane and Lismore	12.2¢	22.0¢	24.4¢
Inter-capital under 745km	Sydney and Melbourne/Brisbane Melbourne and Adelaide/Hobart			
Non-intercapital over 165km	Broome and Byron Bay Cairns and Melbourne	13.9¢	25.0¢	27.7¢
Inter-capital over 745km	Perth and Sydney/Melbourne Adelaide and Brisbane			

CHARLES C. HALTON, CBE

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29 June 1998

Prof. Alan Fels
Chairman
Australian Competition and Consumer Commission
GPO Box 520J
Melbourne VIC 3001

Dear Prof. Fels,

As a member of the Balanced State Development Working Group, I was particularly interested to receive last week the first edition of the Commission's ACCC Update. I regard it as a welcome initiative, particularly as the format and style of the publication is more accessible and the information on particular investigations is presented more clearly than in the Commission's Annual Reports.

There are two investigations referred to in this edition, which I wish to comment on specifically. The section on Rural and Regional Pressures refers to a forthcoming series of seminars throughout Australia. The section on National Electricity, refers to an earlier call for submissions, the issue of a draft determination and finally an invitation for further submissions before, apparently the Commission issued its determination last December. No part of that sequence was either publicised or advertised in South East New South Wales or Far Eastern Victoria.

After conversation with the Commission's staff, I understand that the Commission arranged for coverage in Sydney, Melbourne and Canberra newspapers, and quite wrongly thought that these were widely read in the regions. In practice, this is not so. Not only do the various local newspapers have a far more regular and established readership, but city newspapers do not arrive before the start of the working day and there are only a limited number of home delivery services in the region. I hope therefore that it will be possible to ensure a far more effective means of alerting Australian citizens living in the region to the forthcoming series of seminars on rural and regional business issues.

Both the articles which I mentioned at the start of this letter, seemed to me to overlook the importance which Australians living in regional and rural areas attached to the provision of a high quality service. An example of

this particular priority relates to the revised arrangements for electricity transmission and distribution where in South East New South Wales, there appears to have been a substantial increase in the time taken to correct and/or repair faults at, for example, local sub-stations. In such areas, stability and quality of service is in many ways more important than trying to seek to shave the last 5% off a retail price. In this first edition of Update the related articles on the Commission and on Commission Contacts, suggest possible reasons for the apparent preoccupation with financial issues and the obvious lack of awareness of lifestyle issues in rural and regional areas of Australia.

In addition to identifying the full time Commissioners, there was reference to a number of part-time Associate Commissioners from varied backgrounds, who advise the Commission "on matters in their areas of expertise". With the aid of the Commission's Annual Report, and access to the Who's Who, the C.V.s on the Commissioners and part-time Associate Commissioners suggest that none has even as little as six months' experience of working outside a metropolitan or large urban area in the last ten years, and only one lists a recreational interest (skiing) which can only be pursued in a rural setting. Similarly, there appears to be a dearth of mixed tertiary disciplines such as Accounting, Economics, Engineering, Law, Mathematics, Rural Science and Sociology which used to be an important feature of the training of statutory office holders and senior officers of Commonwealth regulatory and analytical bodies.

The Balanced State Development Working Group, has over the last two years, been active in trying to improve the level of understanding of a wide range of issues of which the perspectives of Australian citizens living in metropolitan areas are by no means identical with those of citizens living in regional and rural areas. If you, your colleagues on the Commission or some of the Commission's senior staff would be interested in holding a discussion with the Balanced State Development Group, I would be happy to make an appropriate arrangement.

Yours sincerely,



Charles C. Halton

Australian Competition And Consumer Commission

POSITION DOCUMENTATION

Position Details

CLASSIFICATION:	Senior Australian Public Servant Level 2
POSITION TITLE:	Regional Director
DIVISION:	Enforcement and Regional Coordination
REGIONAL OFFICE:	South Australia
LOCATION:	Adelaide
POSITION NO.:	514

Position Description

The occupant of this position will oversee the operation of the Commission's South Australian Regional Office. Duties will include determining priorities for the office and managing resources to achieve outcomes under broad policy direction; developing effective liaison arrangements and communicating extensively with State Governments, regulatory bodies and other relevant parties on current economic reform issues and representing the ACCC in the region.

Applicants should have managerial and communication skills of a high order; strong analytical skills in economics, law or related fields; and a good understanding of industry structure, competition and efficiency issues. Appropriate tertiary qualifications important, preferred disciplines are economics, commerce, law and accounting.

Duties

Duties are to be performed under broad direction and in accordance with equal employment opportunity principles and participative management practices to achieve results in line with the corporate mission and goals of the Australian Competition and Consumer Commission (ACCC).

1. Oversee the operation of the Commission's South Australian Regional office
2. Determine priorities for the office and manage resources to achieve outcomes under broad policy direction.
3. Develop effective liaison arrangements and communicate extensively with the State Government, regulatory bodies and other relevant parties on current economic reform issues.
4. Represent the ACCC in the region

IMPORTANT

1. Managerial, organisational and strategic skills of a high order; ability to supervise staff effectively and work in a team environment in accordance with principles of equal employment opportunity, industrial democracy and occupational health and safety.
2. Highly developed analytical, conceptual, investigative and research skills.
3. Highly developed communication skills, both written and oral; ability to liaise effectively within and outside the Commission; good interpersonal skills.
4. Evidence of self motivation, achievement orientation, decisiveness, initiative, flexibility and adaptability.
5. A sound understanding of the aims and functions of the Australian Competition and Consumer Commission and a thorough understanding of Australian industries, structure, efficiency and competitiveness.

Approved:

John Barnwell

Date:

11/6/98