

Submission to the Senate Inquiry into the provisions of the Telecommunications Legislation Amendment (Regular Reviews and other Measures) Bill 2004

Source: City of Casey

1. Summary

Significant anomalies and inequities in the current telecommunications regime can affect - now and in the future - citizens living within outer metropolitan areas, and not just those citizens living within "regional, rural and remote parts of Australia", who alone fall within the purview of the current Bill.

The example of Cranbourne is given, an outer south-eastern suburb of Melbourne. Cranbourne's estimated 35,000 residents and local businesses (rising to over 50,000 by 2011) are significantly disadvantaged through not being listed in the Melbourne White Pages. They also have to pay 3 cents per call more than their neighbours in Frankston or Narre Warren to make a local telephone call to central or western Melbourne.

The reason for this anomaly lies in the freezing of telecommunications charging zones and directory boundaries since the 1991 telecommunications legislation. There is no legislative power by which the government or its technical regulator is empowered to realign the directory boundaries or telephone charging zones for Australia's major cities as they grow. Telstra has declined to change these boundaries in Greater Melbourne to rectify the Cranbourne anomaly, claiming that to do so could amount to a breach of the *Telecommunications (Consumer Protections and Service Standards) Act 1999*, which follows the boundaries fixed in the 1991 legislation.

The City of Casey asks the Senate Committee to recommend that:

- (1) This Bill be amended to ensure that the purview of the proposed Regional Telecommunications Independent Review Committee will include reporting on the adequacy of telecommunications services *within metropolitan areas*; and
- (2) That this Bill (or the ACMA Bill) be amended explicitly to call for *immediate review* of the alignment of the telephony charging zones and the White Pages directory boundaries in our major cities with their planning boundaries and to propose the legislative changes needed to achieve cost-effective realignment.

2. Anomalies excluded from reviews under this Bill

The Telecommunications Legislation Amendment (Regular Reviews and Other Measures) Bill 2005 is currently limited to regularly reviewing the adequacy of telecommunications in 'regional, rural and remote Australia'. As the Bill stands, these reviews would not be able to consider those anomalies in the telecommunications regime that affect residents or businesses in the country's metropolitan areas.

As one glaring example, residents of Cranbourne within the City of Casey are severely disadvantaged by the current telecommunications legislation, as will be explained in Section 3 below. The 35,000 residents of this suburb are based within the

Urban Growth Boundary of Greater Melbourne, and therefore would normally be considered outside 'regional, rural and remote Australia'. Therefore any review of their inadequacy of their telecommunications would fall outside the purview of the Regional Telecommunications Independent Review Committee to be established under this Bill. There does not seem to be any other legislative mechanism that is available to regularly review anomalies in *community equity* in modern telecommunications, if the inequities occur within metropolitan areas.

This Senate Committee in its March 2005 report *A lost opportunity?* agreed that:

“there is a need to insert clauses in legislation foreshadowing periodic government reviews of the current regulatory framework to ensure it delivers national communications outcomes that are adequate in terms of (a) international competitiveness (b) regional equities and (c) community equities.” (para 5.14, p.53).

The current Bill provides reviews of the adequacy of *regional* telecommunications only. The word 'region' is not defined, but there is a tradition of usage of this word in federal legislation and parliamentary inquiries that would exclude areas falling within metropolitan boundaries. While regional inequities are often at their most acute in rural and remote areas of Australia, the growth of the larger capital cities over the past 15 years has led to significant inequities in access to telecommunications services within metropolitan areas as well. Cranbourne is a case in point.

3. Particular example of a disadvantaged community

The Cranbourne telecommunications anomaly within the City of Casey in south-east Melbourne is of the nature of a *community inequity* whereby some residents are significantly disadvantaged relative to other residents of the same municipality and of the same metropolis.

The geographic boundary of Greater Melbourne is defined by the Urban Growth Boundary (UGB) which is set by the Victorian Government, as the relevant planning authority, as part of the current Melbourne 2030 Plan. The suburb of Cranbourne lies within the Melbourne UGB, however it falls outside both the Melbourne White Pages directory area and also the 039 telephone numbering area and its relevant charging zones, which cover the rest of metropolitan Melbourne.

The 35,000 residents of Cranbourne, a major population centre within the City of Casey, have every right under the State Government's Melbourne 2030 Plan to regard themselves as Melbourne residents. Yet they pay 3 cents more for telephone calls into central and western Melbourne than do 90% of other Melbourne citizens, and they do not receive automatic listing in the Melbourne White Pages. This is because Melbourne's telecommunications boundaries for charging zones and White Page listings were largely defined in the 1960s, with small amendments made up until these zones were fixed in the 1991 Telecommunication Act (and preserved in all subsequent telecommunications legislation). Telstra has no commercial motivation to change this status quo, and has declined to do so after extensive discussions with representatives of the City of Casey in 2003 and 2004.

The residents and small businesses of Cranbourne live no further from central Melbourne than do the residents of Frankston. However whereas Frankston citizens enjoy automatic listing in the Melbourne White Pages, those in Cranbourne do not. This is a significant commercial disadvantage for Cranbourne businesses, and a significant inconvenience to Cranbourne residents.

The reason that Cranbourne residents and businesses pay 3 cents *more* per call for a telephone call into central or western Melbourne than do those based in Frankston (to their west) or Berwick (to their north east), is that calls from Cranbourne to central Melbourne and beyond count as long distance calls under the 1991 boundaries. The cheapest tariff on offer for this purpose is Telstra's Wide Area Call capped at 25 cents, compared to its standard local call fee of 22 cents. This amounts to a penalty loading of 14% per call for Cranbourne citizens whenever they call businesses or residents in central or western Melbourne.

The alignment of basic telephone tariffs and directory listings with community identity (as defined by planning boundaries) is surely in the long term interests of telecommunications end users - a key objective of the Telecommunications Act 1997. However this outcome cannot be delivered by "the market" under the current regime. There is a commercial disincentive for Telstra to change its tariffs, because it would lose 3 cents per call from Cranbourne calls into central or western Melbourne if Wide Area Calls (at 25 cents capped) were transformed into local calls (at 22 cents capped). Other carriers attempting to provide this service - without the commercial justification for installing their own telephone exchange and access network in Cranbourne - have to pay interconnect fees to Telstra as for timed STD rates, which would make the business proposition unfeasible.

Similarly there is no commercial incentive for Telstra to widen the reach of its printed Melbourne (or Sydney) White Pages, as this represents a cost without commensurate revenue increase. Yet Telstra's role in providing the printed White Pages, as a condition of its carrier licence, is that of a community service. It is currently an *incomplete* community service to the people of Melbourne.

The City of Casey is concerned that once Telstra is fully privatised, Telstra and its competitors will have even less interest in meeting community needs where they cannot see any short-term financial benefit in doing so. A legislative solution to meeting the Cranbourne citizens' needs for community equity in telephony services is urged, by creating an ongoing process to re-align Melbourne's telecommunications boundaries with Melbourne's urban growth boundary. It would be helpful if such a process of re-alignment could be explicitly allowed for in amendments to either the ACMA Bill 2004 (if this re-alignment process is regarded by the Committee as being largely a matter of technical regulation) or in the current Bill (if the process of realignment is regarded by the Committee as involving resolution of a mix of social, technical and economic issues).

4. Broader considerations

The Cranbourne case is one of several anomalies that have arisen within the current competition regime, and is a structural anomaly that the market cannot alone solve. (A

similar zoning anomaly occurs within the City of Penrith in Western Sydney.) While it is desirable that the Federal Government provide quick solutions to the current anomalies, we cannot rule out the likelihood of other forms of community disadvantage arising in the future within the boundaries of our larger cities.

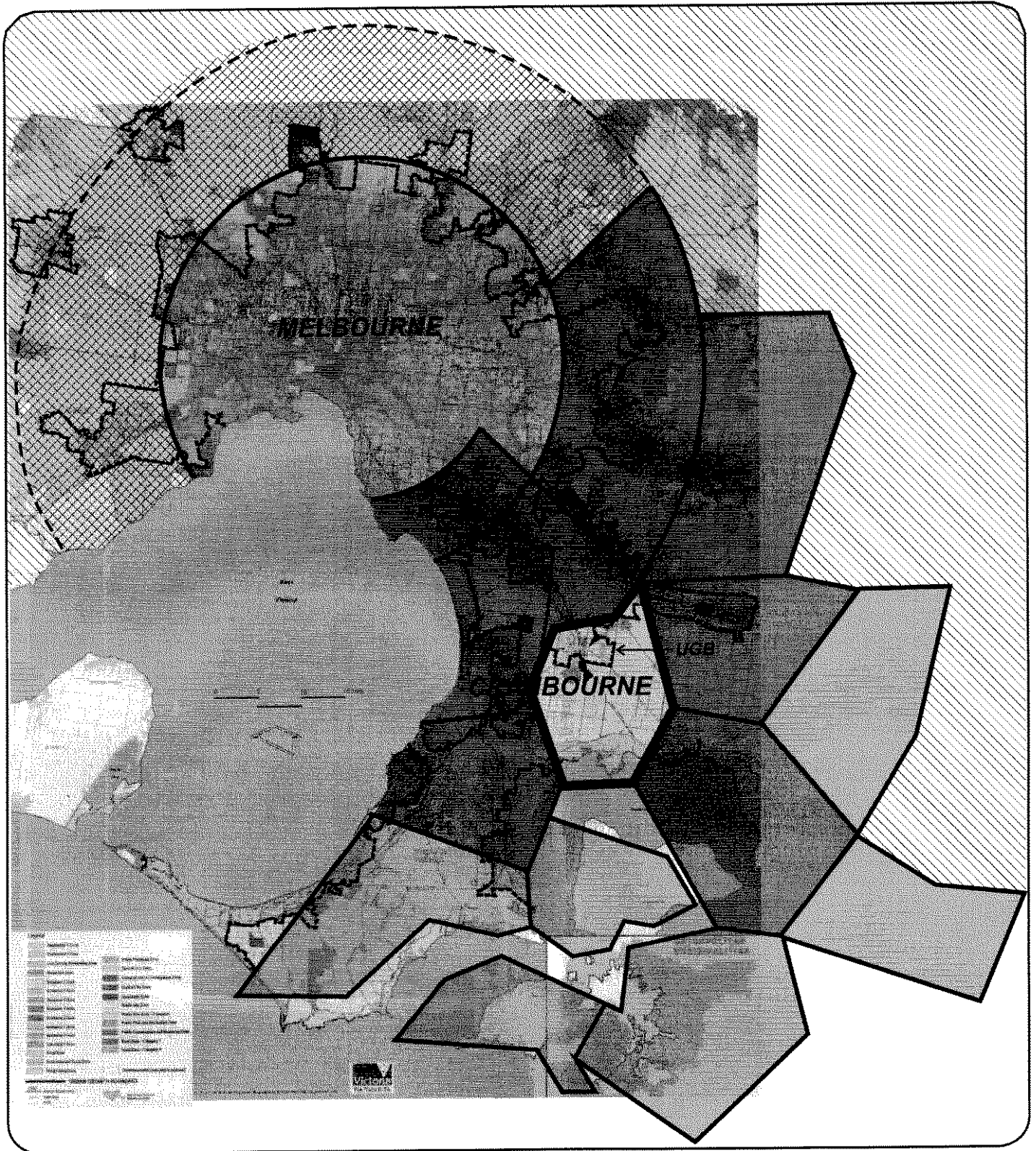
The community's expectations of what comprises 'basic telecommunications services' tend to be based on the advanced services of three to five years earlier – those which are now seen to be essential for effective participation in key areas of the economy, including education, or for social networking. Since 1991 the rollout of new services - especially high-speed Internet access - has been geographically very patchy, even within metropolitan areas.

For this reason the community expects the federal government of the day, with its constitutional responsibilities for telecommunications, to be vigilant in regularly reviewing the adequacy of telecommunications services in all areas of Australia - not just in regional, rural and remote Australia.





5. Recommendations

- (1) That this Bill be amended to ensure that the purview of the proposed Regional Telecommunications Independent Review Committee will include reporting on the adequacy of telecommunications services *within metropolitan areas*; and
- (2) That this Bill (or the ACMA Bill) be amended explicitly to call for *immediate review* of the alignment of the telephony charging zones and the White Pages directory boundaries in our major cities with their planning boundaries, and to propose the legislative changes needed to achieve cost-effective realignment.

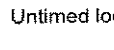
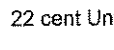
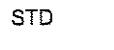
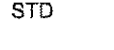
CRANBOURNE ANOMALY: NEED TO ALIGN CHARGING AND DIRECTORY ZONES WITH URBAN GROWTH BOUNDARY




Current Telephone Call Tariffs for Cranbourne

Untimed local call	
25 cent Untimed Wide Area Call	
STD	
Capped at "up to 50km" STD rate	

Proposed Tariffs

Untimed local call	
22 cent Untimed Wide Area Call	
STD	
STD	

 UGB = Urban Growth Boundary

Information obtained from:
Telstra Zoning Review Wide Area Calling Example
- Cranbourne Victoria
DSE - Metropolitan Melbourne Urban Growth
Boundary Wall Map

