

SUBMISSION

SENATE INQUIRY INTO PERFORMANCE OF THE AUSTRALIAN TELECOMMUNICATIONS REGULATORY REGIME

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APPEARING BEFORE COMMITTEE AT 11.00AM, JUPITERS TOWNSVILLE ON THURSDAY 21 APRIL 2005.

Townsville is the largest City in Northern Australia with a population of 155,000. The City is the capital of North Queensland with a very diverse economic base and high population growth rate. The City is located some 1500 kilometres north of Brisbane. It services a vast hinterland of agricultural and mining interests. Key industries include tourism, transportation, secondary mineral processing, education, defence, general government services, public administration, support services for agriculture and mining, manufacturing, retail and cultural services. The Port of Townsville has a throughput in excess of 10 million tonnes per annum.

Telecommunications are vital for Townsville's growth and prosperity. They are vital for industry, government and the community. As a local authority, Townsville City Council has been an advocate on behalf of these groups to the Estens and Broadband Inquiries which both dealt with key telecommunications issues. The essence of our submission to these inquiries is that:

- Competition in our local market needed to improve;
- We needed lower prices;
- We needed better infrastructure and coverage, particularly in regard to bandwidth and to a lesser extent, mobile coverage;
- We needed assurances that Townsville would not be disadvantaged in the future in regard to the standard of services and the rollout of new technology compared to the rest of Australia, particularly the capitals;
- The potential sales of the government's remaining stake in Telstra was of grave concern without the protection of some form of checks and balances or regulatory regime.

The current inquiry into the performance of the Australian telecommunications regulatory regime provides an opportunity to assess how the existing regulatory regime impacted on our earlier concerns some 2 to 3 years down the track.

Overall, in relation to competition, price, infrastructure and coverage, the situation in Townsville has improved. Has the regulatory regime laid the foundation for this outcome? It would be hard to answer definitely yes to this question, but it certainly does not seem to have been an impediment. Other factors that clearly had a positive impact included:

- More players entering the NQ marketplace ie. IQ Connect, NQTel;
- Aggressive lobbying from the local community for improved services;
- Moves to establish a 'community telco' by the local community;
- A national push by major players to lower prices in a more competitive environment.

The question as to whether Townsville is 'future proofed' under the existing regulatory regime remains open but is of much greater significance now that the sale of the government's remaining stake in Telstra appears inevitable and imminent. Once Telstra is completely privatised it has the potential to become the 'gorilla' in the marketplace. This could have a range of adverse implications for consumers, residential and commercial (ie. unfair competitive practices, using its dominant market position as a form of natural monopoly etc). A strong regulatory regime must be in place to deal with a Telstra that is operating freely in the marketplace unfettered by majority government ownership. Most importantly, any regulatory agency must be resourced appropriately to deal on an equal footing with one of the largest companies in Australia. Telstra has the resources to outlast and outgun the existing regulatory structure. An example of this was the time it took regulators to deal with the issue of Telstra's broadband wholesale pricing to competitors.

The Universal Services Obligation (USO) and the Digital Data Service Obligation (DDSO) will need to be enshrined in a new non legislative framework. There seems little option but for the Federal Government to implement its own systems of community service obligation payments on a contestable basis to achieve this aim. Regular reviews of telecommunication services across the country to ensure that "important new service advancements are being delivered equitably" (Estens Page 327) will be required. The recommendations from the Estens Inquiry 9.1 to 9.6 seem reasonable in this regard. However they assume that future governments (even when strapped for cash!) will fund such community service obligations. This is not a safe or sensible assumption from the perspective of regions such as North Queensland. It is preferred that part of the proceeds from T3 be allocated for a pool of funds sufficient to cover a CSO of this nature. Overall, the approach both generally (and specifically in relation to USO and DDSO standards) advocated by the Western Australian Local Government Association in its submission to this Inquiry is strongly supported.

Timed local calls should be banned straight out by legislation. Any move in this area would affect consumers and the 'Australian way of life' too profoundly to be contemplated.

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