

Head Office: Suite 506, Level 5, 815 Pacific Highway, Chatswood NSW 2067
Telephone: (02) 9495 8999
Facsimile: (02) 9419 3889
Email: email@atug.org.au
Internet: www.atug.com



AUSTRALIAN
TELECOMMUNICATIONS
USERS GROUP
LIMITED

ABN: 46 002 703 719

Members of Parliament and Senators

2009 Telco Reform Bill

I am writing to you to let you know that ATUG supports the Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Bill 2009 and seeks your support for quick passage of this important legislation.

ATUG represents the voice of end users of communications services – organisations large and small, including Government and Community Sector organisations, and now individuals working from home - who depend on communications to run their businesses, deliver their services, and meet their customers' needs. The debate and decisions on this Bill must focus on better outcomes for these end users and not be side-tracked by the interests of any one company in the sector.

Our perspective on the draft legislation comes from our focus on the wider economic and social outcomes that depend on advanced communications. And our concern that competition in regional areas has not developed as well as we had expected.

ATUG has taken a particular interest in the availability and affordability of advanced communications in regional areas – we have held over 75 events in regional towns all over Australia since 2004, talking with over 3500 individuals about their needs for advanced communications services.

Leaders in these regional communities understand the important role of communications in creating vibrant communities, opportunities for younger community members, and markets and customers for regional businesses. They also understand the power of effective competition in communications in bringing more investment, more innovative services, and better price and service outcomes.

ATUG started to represent the voice of end users in 1981, when communications services were delivered by Government owned organisations with monopolies in national, international and satellite communications. Competition was introduced in 1990 with a duopoly and then 1997 saw an Open Competition introduced.

ATUG has always seen competition as the strongest tool for achieving our aims for end users. In markets where competition cannot be effective, direct Government subsidy must be used to deliver access to services.

We have been disappointed with the development of competition in the fixed network market over the last decade and particularly in regional areas.

The reason for this, in our view, is that the fixed network is an enduring bottleneck and that the “light touch” approach to regulation in this market segment has not worked. Current competition regulation has allowed high levels of uncertainty with reduced investment, very high levels of disputes which have denied choice for end users and poor industry processes which limit the ability of consumers to change broadband providers. In regional areas when prices go up or access to advanced services is delayed, end users have very little room to move.

ATUG looks forward to the development of the NBN because from Day One it will be a Wholesale Only, Open Access Network that will support much greater choice for end users, more innovative services and much better value for money. We see this as the model for the industry over the next 8 years until the NBN is available to all Australians.

The closer we can get to this model and the sooner this can happen, the better for end users.

The Bill has important provisions which address competition and are needed now to get better outcomes for end users in regional areas – changes in structure for the fixed network market and clearer, more certain powers for the ACCC.

Our preference is for Telstra to voluntarily structurally separate. This will provide the highest level of confidence and a sustainable outcome for all parties. But if Telstra chooses not to do this, we support the Bill’s proposal for Functional Separation. Even this measure will provide much better choice for end users in regional areas over the period until the NBN is rolled out.

Our end user colleagues in the UK report that BT’s separation was achieved quickly and cost effectively and has been very effective in delivering stronger competition and much better outcomes for end users. The outcomes for BT over time have included less regulation and more focus on innovation rather stifling competition through regulatory gaming. BT supports adoption of a similar approach in other markets in Europe to strengthen competition and the EU are now looking at giving regulators options to require Functional Separation. We hear the same positive reports from our end user contacts in New Zealand about the implementation of Functional Separation.

There have been no impacts in the UK on delivery of Universal Service Obligations (BT delivers and self-funds the USO in the UK), no impact on the PSTN or local call service.

ATUG also supports the enhanced Consumer Safeguards in the Bill. A clear definition of the standard telephone service and clearer statements for customers that, where the Universal Service Obligation is provided via a mobile or satellite phone service (as often happens in regional areas), such services must meet standard telephone service definitions will provide much increased protection for regional consumers.

ATUG supports the provisions of the Bill which address declining service quality standards by setting minimum Customer Service Guarantee performance benchmarks and providing the ACMA with powers to enforce performance and more relevant civil

penalties for non-performance. Importantly the Bill prevents “deemed waiving” of CSG rights, prohibits waiving for USO services and requires clear explanations for consumers who choose to waive their rights. Again these provisions are of particular relevance to regional consumers and small businesses.

As a package, the Bill addresses ATUG’s long-standing concerns about Competition and choice for end users, and puts in place much more effective Consumer Safeguards.

Both sets of measures are very important for regional end users. Competition has not developed as strongly in regional areas as it will with Structural Separation or Functional Separation. Consumer Safeguards are even more important in regional areas where distance creates extra difficulties for consumers when services fail.

ATUG urges your careful consideration of this Bill from the perspective of end users.

ATUG supports the Bill as it will provide the basis for stronger competition and stronger consumer safeguards with particular benefits for regional communities and consumers.

Yours sincerely

A handwritten signature in black ink, appearing to read 'RSinclair', written in a cursive style.

Rosemary Sinclair
Managing Director
Australian Telecommunications Users Group (ATUG)
T: 02 9495 8999 F: 02 9419 3889
Email: rosemary.sinclair@atug.org.au