



PARLIAMENT OF AUSTRALIA
HOUSE OF REPRESENTATIVES

TONY WINDSOR MP
INDEPENDENT
FEDERAL MEMBER FOR NEW ENGLAND

Shop 5
259 Peel Street
TAMWORTH NSW 2340

All Mail: PO Box 963
TAMWORTH NSW 2340

Ph: (02) 6761 3080

Toll Free: 1300 301 839

Fax: (02) 6761 3380

e-mail: Tony.Windsor.MP@aph.gov.au

Web Page: www.tonywindsor.com.au

MEDIA RELEASE

26 August 2004

Telstra's attempt to remove price controls must be rejected

Independent Member for New England Mr Tony Windsor is alerting country phone customers to the risks of allowing Telstra to remove public policy considerations from the current price control measures under review by the Australian Consumer Competition Commission (ACCC).

“The current price control agreement lapses in June 2005.

Telstra in its current submission to the ACCC is championing the market place as an alternative to the current long standing public policy measures that guarantee fair and equitable phone services between metropolitan and country Australia.

Of particular interest is Telstra's attempts to identify and ring fence subsidised regional services such as extended local call zones, the cost of access to un-timed local calls and other public policy areas beneficial to country Australians.

Telstra wants these subsidies paid direct from Treasury.

Clearly this would be the first step in the removal of these benefits,” Mr Windsor said.

Mr Windsor compares this thinking to the situation of subsidised Sydney public transport.

“Would Telstra's Executives suggest that Sydney commuters pay the real cost of their train, bus or ferry ticket and receive a cheque from Treasury for the difference each year?

I think not.

If this type of National Competition Policy thinking is allowed to continue, it is only a matter of time before the humble postage stamp would be cheaper in high usage areas and more expensive in country Australia

It is another example of a feedlot economy,” Mr Windsor said.

Mr Windsor says that in Telstra's submission to the ACCC they state that they wish ‘*to ensure rural and remote consumers share in the benefits from greater competition*’.

.../2

“This statement is in stark contrast to the new Minister for Telecommunications Senator Helen Coonan recent statement on the ABC’s **WORLD AT NOON on Monday, 26 July 2004** where she acknowledges market place forces don’t work in many regional instances,” Mr Windsor said.

The following is a transcript of World at Noon Program

CHRIS CLARK: *Is there no market solution to this problem?*

HELEN COONAN: *Well, obviously if there is a market solution—what we believe in, in this whole area, is greater competition that drives better outcomes and greater choice. But where you are dealing with scattered populations across vast areas, it's extremely difficult for the market to be competitive in rolling out these kinds of services, and the government has always acknowledged that. We have a role to provide targeted services to deliver these kinds of outcomes to rural and regional Australia.*

“Within their current submission to the ACCC, in defence of their request to remove price caps and replace them with ‘market forces’ Telstra quickly reverts to statements such as the following:

“Any future retail price controls placed on Telstra must be supported by a clear identification of resulting benefits to the nation, and not continued simply because of historical precedent”

Surely this is code for, ‘Telstra can make more profit in higher population areas and does not want the impediment of public policy driven price caps that delivers services between city and country areas of the same quality and price’,” Mr Windsor said.

The ACCC will be holding a hearing on these issues in Dubbo at 10.00am tomorrow (Friday 27 August).

“I urge country consumers to turn up and ask questions and put their concerns forward.

The issues that should concern regional phone users are the attempt by Telstra to remove the cap on the cost of access to un-timed local calls and linked plans such as extended call zones and the wide area access and regional call plans, currently 22cents, and attempts to modify balancing equations that could see total call costs (line rental plus call cost) increased to low volume higher operating cost users such as regional households.

Telstra has revealed its next campaign agenda - that of ring fencing important public policy initiatives and commending the notion of equity between country and city services as being mere “historical precedent” and no longer needing to be maintained,” Mr Windsor said.