

2.3 (cont'd)

The points allocated for local manufacture vary according to the type of product, as shown in the table below.

Table of points for local production

		First	PABX	Cellular & SBS Telephone	Points
Local Production Component:	less than	25%	15%	15%	0
	equal to	25%	15%	15%	50
	greater than	50%	25%	25%	100

The points in the three categories are aggregated. To qualify for approval to attach the supplier's CPE to the network for each year, this aggregate must exceed a minimum threshold, as calculated for the preceding year.

The one aggregate points threshold applies to all four designated CPE. The thresholds are as follows (for each financial year commencing 1 July):

1989/90 requires 140 points for the 1988/89 year to June 1989, or existing eligibility to supply product under current Telecom arrangements;

1990/91 requires 140 points for the year 1989/90;

1991/92 requires 170 points for the year 1990/91;

1992/93 requires 200 points for the year 1991/92;

1993/94 no requirements.

New entrants are required to submit a detailed plan of their proposed operations indicating how they are going to achieve the threshold required for the year of their entry, in order to gain endorsement. This does not preclude a new entrant from joint venturing with a local supplier which already has points credits.

Following termination of the scheme, the operative form of assistance will be the tariff, currently set at 23% and scheduled to phase down to 15% by 1993.

2.4 Implications of the New Environment for Suppliers of Communications Products and Services