

## 2. OVERVIEW OF THE PROPOSED REGULATORY FRAMEWORK

### 2.1 The May 1988 Statement

The Ministerial Statement of May 1988 launched a new era in the structure of the telecommunications industry in Australia. It ushered in a number of reforms for the industry, including:

- \* the establishment of an independent regulatory authority - the Australian Telecommunications Authority (AUSTEL), modelled largely on the British Office of Telecommunications;
- \* some easing of the carriers' previous borrowing constraints;
- \* continuing role of existing carriers as the exclusive providers of basic or reserved services - very little has changed as far as provision of network services is concerned;
- \* full competition in the provision of Value Added Services - although the wide definition of reserved services may effectively limit the scope for a broader definition of VAS;
- \* progressively increasing competition in the provision of Customer Premises Equipment (CPE), especially PABX and SBS. Telecom retains its role as sole provider of the first telephone until 30 June, 1991, after which this market will also be open to competition;
- \* competition in the maintenance of PABX and SBS, previously the monopoly domain of Telecom.

The May 1988 Statement also announced new corporate structures for the carriers. Telecom would have a new enabling Act, and become the Australian Telecommunications Corporation. OTC would to be incorporated as a company, OTC Limited, wholly owned by the Commonwealth. Aussat would remain a company.

According to the May 1988 Statement, One of AUSTEL's tasks will be to determine if the cellular mobile telephone service (CMTS) should continue as a monopoly reserved service. The US FCC standard CMTS terminals in Australia allow for two overlaid cellular services to operate in each service area, with the same terminals able to access each service if desired.