



AAPT geared to break the duopoly

Larry F Williams, CEO, AAPT

On July 1 1997 the gloves came off in the Australian telecommunications industry. Both fresh and seasoned industry players alike face great challenges as they seek to take advantage of the level playing field resulting from deregulation. AAPT has succeeded in becoming Australia's third largest telecommunications company despite the prevailing duopolistic environment. We are now ready to capitalise on the opportunities presented by full deregulation and will continue to push the boundaries of competition as we have done over the past six years. Competition must be the overriding concern in the new environment. It's good for us, good for other market players and, most importantly, good for the end consumer.

The challenge

Post-July 1, the challenge for us as a new carrier, and of course for the government, is to realise the benefits of true competition in all regions of Australia and across all services, by breaking the current duopoly held by the dominant carriers. I believe the current duopoly *will* be broken - AAPT and other new carriers will ensure that - but I fear the current duopolistic environment may seriously threaten deregulation's ultimate goals to encourage strong, effective competition and provide lower prices. The increased powers of the new regulatory bodies, the Australian Competition and Consumer Commission and the Australian Communications Authority, will play a vital role in the new environment. These bodies and the government will be responsible for identifying any breaches and possible legal flaws in ensuring healthy competition. Personally, I am optimistic they will live up to the challenge.

Our fight as a competitor

AAPT is in a strong position to challenge the current status of competition. We have long been an established player in the Australian industry and have the distinction of being Telstra's first private sector competitor, well before Optus was in the market. In fact, AAPT has a long list of firsts, all of which have been achieved despite the tilted playing field. AAPT was:

- first to offer a telecommunications choice for business
- first to install its own exchanges
- first to offer public switched services in competition with Telstra
- first service provider to obtain Interconnection with Telstra
- first service provider to have international correspondent agreements
- first service provider to own international cable capacity

To date, AAPT has established a solid customer base in excess of 100,000 accounts with revenues of around \$350 million in 1996. Our customers and our sheer volume of traffic puts us in a good position for July 1. We have reached this position despite the current barriers to effective competition.

Market benefits

If deregulation is implemented as intended by the government, with proper safeguards and access undertakings, I believe the Australian telecommunications market will become the most openly competitive market in the world and will enjoy the associated benefits.

AAPT has been gearing up for the level playing field for some time, knowing that only the fittest will survive in the new environment. We will continue to be testimony to the government's policy that deregulation encourages competition, which in

turn benefits end users. AAPT will enjoy the benefits of the new regime, the most significant aspects being:

- we will become a carrier
- we will be allowed to build infrastructure
- we will have Non Code Access and CCS7 interconnection which will generate significant margin improvements and greater utilisation of our network
- we will have arbitration rights with the ACCC
- there will be portability across mobile, 1800, 13 and local numbers
- our interconnect pricing will fall, providing significantly greater margins to AAPT
- the ACCC will have stronger powers than AUSTEL to control market behaviour
- there will be open access to all networks at competitive cost based prices
- we will be able to offer new services, such as Local, 1800, 13, Mobile, PCS

We must ensure these benefits are provided on a timely and cost competitive basis. Delay always benefits the incumbent and we have seen too many instances of this to date.

Conclusion

While I remain wary that true competition does not evolve simply by changing a law, particularly in our inherently monopolistic industry, I believe it would be a shame to go through the pain of changing the status quo and not enjoy the full benefits. The government has given the industry a great vision and the scope to have the most competitive and open communications industry in the world. It's now up to all industry participants, including the new regulatory bodies, to ensure the vision comes to fruition. AAPT will act as much a telecommunications carrier as it will a monitor of competition in this country. □