

Telecommunications charges in Australia

1995–99

April 2000



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Letter to Minster

Contents

Overview	1
Main findings	
Future reporting of telecommunications charges	6
1. Connection, labour and annual service charges	7
Connection charges	7
Annual service charges	9
2. Local, community and pastoral calls	10
Local calls	10
Discounts on standard local call charges	11
Average prices paid	11
Community calls	12
Pastoral calls	13
3. National long distance calls	15
Price structure	15
Flagfall charges	16
Variable charges	17
Call prices	18
Telstra call prices	19
C&W Optus call prices	20
Discounts	22
Average prices paid	22
4. International calls	24
Price structure	24
Flagfall charges	25
Variable charges	26
Call prices	27
Telstra call prices	28
C&W Optus call prices	29
Discounts	31
Average prices paid	31
5. Operator-assisted calls	32
Fixed charges	32
Variable charges	32

Call prices.	34
6. Calls from a fixed to cellular mobile service	36
Calls from a Telstra fixed service to a mobile phone.	36
Price structure	36
Calls from a C&W Optus fixed service to a mobile phone.	38
Price structure	38
Variable charges	38
Call prices	39
C&W Optus, 1995 to 1999	39
7. Calls from cellular mobile phone services	41
Price plans	41
Connection charges	41
Access charges	42
Call prices.	42
Average prices paid.	47
8. The structure of telecommunications pricing.	48
Appendix 1. Weighted average price methodology and future directions	51
Appendix 2. Services subject to price control.	53
Bibliography	56

Overview

The Australian Competition and Consumer Commission is an independent statutory body responsible for competition regulation of telecommunications within Australia. The Commission's responsibilities include enforcing the telecommunications specific anti-competitive conduct provisions and regulating access to telecommunications services declared by it.

Division 12 of Part XIB of the *Trade Practices Act 1974* requires the Commission to monitor and report each financial year to the Minister of Communications, Information Technology and the Arts on prices paid by consumers for telecommunications services. This report satisfies that requirement for the 1998–99 financial year. The Commission engaged the Communications Research Unit (CRU) of the Department of Communications, Information Technology and the Arts to prepare the report.

This report surveys price changes from 1995 to 1999 for all services included in the *Telstra Carrier Charges — Price Control Arrangements, Notification and Disallowance Determination 1997*, except leased line services (which could not be analysed because of data limitations). The services are:

- connection and rental;
- local, community and pastoral calls;
- national long distance calls;
- international calls;
- operator-assisted calls;
- calls from basic service telephones to mobile phones; and
- cellular mobile services.

The report includes relevant prices for Telstra, Cable & Wireless Optus (C&W Optus) and Vodafone, where they supply the services listed above. This is an extension over last year's report, where only Telstra's prices were monitored.

The prices analysed in this report are, where possible:

- the level of, and changes in, the carriers' standard charges applicable at 30 June each year between 1995 and 1999 (both real and nominal), excluding discount plans and specials; and
- estimates of changes in the average prices paid after discounts.

The report also comments on the structure of the pricing regime and changes that have occurred over the analysis period, and comments on the discount schemes applicable to each service.

Most prices reported are weighted averages because many telecommunications services have multiple tariff categories and therefore do not have one unique price. A weighted average

aggregates the prices from the multiple tariff categories into one single price for the service. Insufficient weighting data were available for some services and in these cases price changes are reported for each tariff category.

The changes in the weighted average prices show how prices have changed on average for each individual service and carrier given the usage pattern of their customer base. They cannot be used, however, to assess which carrier would be cheapest for an individual customer because individual usage patterns may differ from those on which the price calculations are based.

It was not possible to estimate changes in average prices paid by consumers after discounts for the 1997–98 report. In this report, yield data provided by the carriers were used to estimate these changes.¹ This provides a more developed picture of price changes, especially when carriers are increasing the number of discount plans offered to consumers.

Telecommunications services and their prices are continually changing, and changes that occurred since the 1998–99 reporting period have not been captured by this report. However, brief mention is made of post-reporting charges where relevant throughout the report.

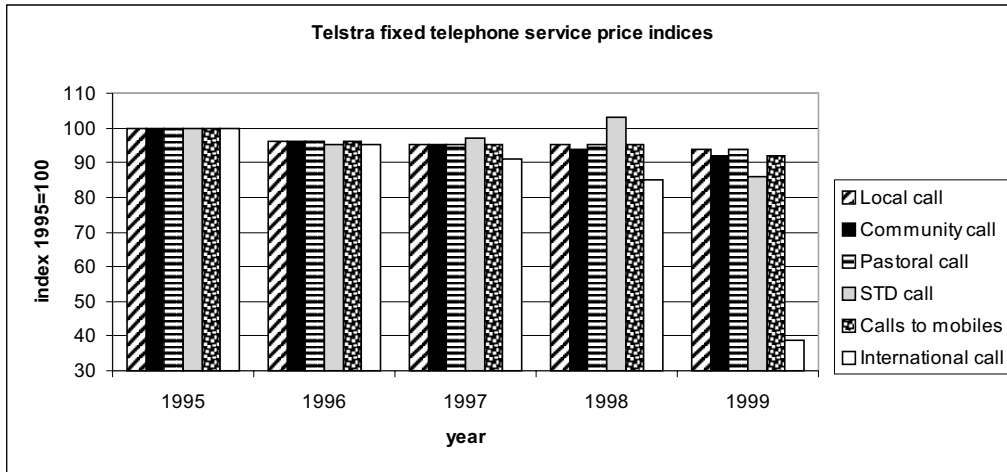
Main findings

The report shows that between 1995 and 1999 consumers have continued to benefit from significant price reductions across most services, and particularly for national long distance and international calls. Figures 0.1 and 0.2 provide an overview of standard price changes for Telstra and C&W Optus between 1995 and 1999.

A more detailed summary of the major findings is provided below.

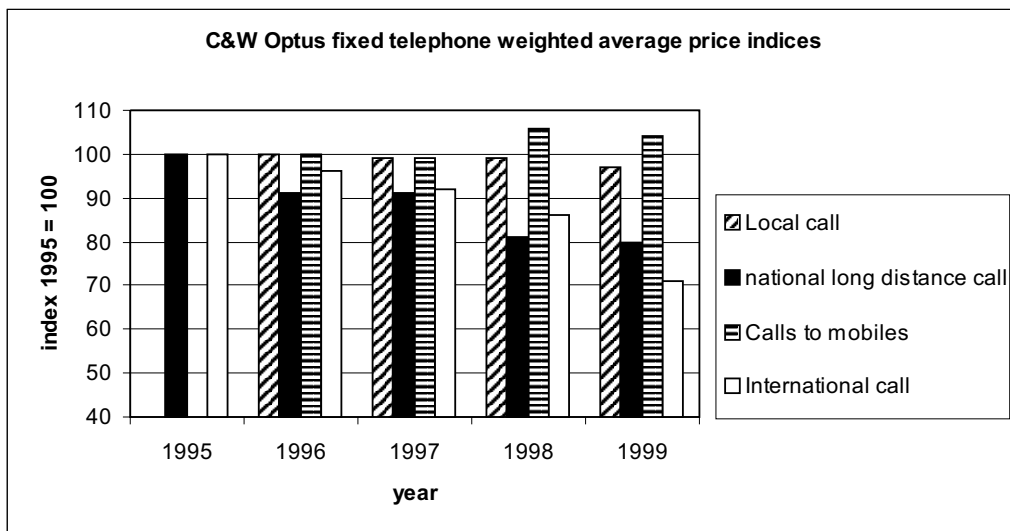
1 The results are presented as an index for each service to preserve the confidentiality of the data provided by the carriers.

Figure 0.1. Fixed telephone service weighted average price indices: Telstra



Source: CRU estimates

Figure 0.2. Fixed telephone service weighted average price indices: C&W Optus



Source: CRU estimates

Chapter 1 surveys connection and annual service charges between 1995 and 1999. It shows that up-front charges changed little over the five year period. For example:

- Telstra charges for in-place connections remained at \$50 from 1995 to 1999;
- C&W Optus charges also remained constant over this period at \$70 for service establishment and \$50 for service activation;
- Telstra increased its labour charges in 1999, with the cost of each 15 minutes of attendance increasing by 15 per cent to \$15 — they had remained unchanged between 1995 and 1998; and
- the line rental charges of both carriers remained unchanged for residential services between 1995 and 1999.

Chapter 2 of the report surveys price changes between 1995 and 1999 for local, community and pastoral calls from a fixed telephone service. It shows that the standard nominal price for Telstra (25 cents) and C&W Optus (20 cents) local calls have remained unchanged, which has meant that there has been a decline in real prices (that is, net of inflation) of almost 6 per cent. After local call discounts the decrease has been around 9 per cent in real terms.

Chapter 3 surveys price changes for national long distance calls. It shows that the weighted average prices of Telstra and C&W Optus national long distance calls have decreased, despite increases in flagfall charges.

Between 1995 and 1999 national long distance weighted average prices of a Telstra and C&W Optus national long distance call decreased by 14 and 20 per cent respectively. Per minute charges, excluding flagfall charges, decreased by 35 and 25 per cent for Telstra and C&W Optus.

The decrease in prices after discounts was even more significant. The CRU estimates that the average prices paid by consumers after discounts fell by 44 per cent between 1995 and 1999.

This resulted from a decrease in the number of hours charged at peak rates and lower variable call charges for most calls. In 1998 C&W Optus no longer differentiated variable charges by distance and this decreased the price of calls made to destinations more than 100 kilometres away.

Chapter 4 surveys price changes for international calls. It shows that the price of international calls also declined significantly between 1995 and 1999. The weighted average price of a Telstra and C&W Optus call declined by 61 and 29 per cent respectively over this time.

The most significant change contributing to these decreases was a decline in variable charges. In 1999 Telstra introduced a single rate applicable to a destination regardless of the time of day. This reduced the weighted average per minute charge of a Telstra international call by 54 per cent from 1998. C&W Optus also introduced a similar rate in 1999, but this could not be reflected in the analysis because it occurred after 30 June.

Chapter 5 surveys price changes in operator-assisted calls between 1995 and 1999. It shows that the price movements were mixed for those making operator-assisted calls. Telstra and C&W Optus operator-assisted national long distance calls increased by 20 and 26 cents respectively in nominal terms.

For operator-assisted international calls using Telstra the call price decreased by 7 per cent between 1995 and 1999 because of a small decrease in the per minute charge to China; and using C&W Optus the call price decreased by 34 per cent. C&W Optus charges the same per minute rate for operator-assisted and direct dial calls so customers requiring operator assistance benefited from the changes to the direct dial tariffs.

Chapter 6 surveys the price changes for calls from a fixed to cellular mobile service. It shows that the price of calls from a fixed telephone to mobile phone service did not change significantly between 1995 and 1999. For example:

- the weighted average price of a Telstra call decreased by 8 per cent to 77 cents; and
- the weighted average price of a C&W Optus call increased by 4 per cent to 75 cents.

The most significant pricing changes for these calls was the introduction of two part pricing by Telstra in 1999 and an increase in the flagfall charge levied by C&W Optus in 1998.

Chapter 7 surveys calls from cellular mobile phone services. It shows that the average price per minute paid by consumers for mobile telephony, including access, connection and call charges but excluding handset costs, is estimated to have declined between 1997 and 1999. The CRU estimates that nominal price per minute has declined by around 10 per cent. However, the average prices paid per minute by consumers for analogue services are estimated to have increased by around 2 per cent in nominal terms over this time.

Notwithstanding this finding the Commission is unable to comment with any authority on the overall price movements for mobile telephony because of insufficient data to analyse the plethora of mobile pricing plans. The CRU is currently developing a methodology to improve the reporting of mobile phone prices.

Chapter 8 provides a discussion of the changed structure of telecommunications pricing. It shows that the standard charges for connection, line rental and local call services have not changed significantly since 1995, which has meant that fixed charges have increased as a proportion of total expenditure on telecommunications charges.

Further, between 1995 and 1999, flagfall charges for national long distance and international calls increased. Given the significant and steady decline in the variable charges for national long distance and international calls, this has meant that fixed charges have increased as a proportion of total call costs.

Appendix 1 outlines the weighted average pricing methodology of the report.

Appendix 2 summarises the services subject to the price control arrangements up to mid-1999.

Future reporting of telecommunications charges

The Commission is continually seeking to make this report more informative and relevant. It is currently reviewing the scope and methodology of the report. Major issues include:

- the number of carriers and services monitored for the report;
- the methodology of the report; and
- the manner in which information is presented in the report.

This includes the methodology used in reporting on mobile telephony.

The Commission is considering the merits of adopting a basket or index approach compared to the current approach of calculating a weighted average price for each service. This approach has been used, for example, by the Productivity Commission (1999 and 1999a) in its two recent studies on international comparisons of telecommunications prices.

The Commission will be consulting with industry and other relevant parties to seek their views on these matters in the near future.

1. Connection, labour and annual service charges

Connection and annual service charges for a fixed or basic telephone service are generally levied irrespective of usage. Consequently, these fees comprise a larger proportion of the total cost of a basic telephone service for low-volume users than higher-volume users.

Standard connection, labour and annual service charges are simply listed in this study. Data detailing the relative contributions of different connection and annual service charges to Telstra's and C&W Optus' revenue, which would have enabled the derivation of revenue weights for weighted average calculations, were not available.

Charges are also levied for the use of handsets to access the telephone network although these charges have not been included in this study.

Connection charges

Connection charges for a fixed telephone service are levied when a customer is connected to a service on the basic telephone network. A separate charge is levied for each additional connection.

Three categories of connection charges levied by **Telstra** were analysed (table 1.1). The standard charge for:

- **in place connections**, requiring only exchange work, remained at \$50 over the analysis period. Pensioners received a 50 per cent concession over the period paying \$25;
- **a first connection**, excluding labour charges, was \$120 between 1995 and 1997; the charge increased by 44 per cent to \$173 in 1998 and remained at that level in 1999. Pensioners received a \$50 discount on the standard charge; and
- **each additional connection** declined by 4 per cent to \$128 in 1999 after increasing by 11 per cent in 1998. A \$50 discount was introduced for pensioners in 1998.

Two categories of connection charges levied by **C&W Optus** were analysed (table 1.1). The standard charge for:

- **service establishment** or connection to the C&W Optus service remained unchanged at \$70 between 1995 and 1999; and
- **the service activation** or the 'switching on' of the service remained unchanged at \$50 between 1995 and 1999.

C&W Optus did not report providing discounts on these charges for pensioner customers.

Table 1.1. Connection charges: 1995 to 1996

	1995	1996	1997	1998	1999
Telstra					
In-place connection	50	50	50	50	50
In-place connection, pensioner	25	25	25	25	25
New first connection	120	120	120	173	173
New first connection, pensioner	70	70	70	123	123
New second & subsequent connections	120	120	120	133	128
New second & subsequent connections, pensioner	120	120	120	83	78
C&W Optus					
Service establishment charge	70	70	70	70	70
Service activation charge	50	50	50	50	50

Source: Telstra (various issues), *Public Switched Telephone Service Standard Tariff*, and data provided by C&W Optus to the Commission.

Labour charges

Labour charges are levied if physical attendance of a telephone company employee is required to connect a service. Two categories of labour charges levied by Telstra were analysed (table 1.2). The standard charge for:

- **attendance** increased by 12.5 per cent to \$45 in 1999, after remaining at \$40 between 1995 and 1998; and
- **labour per 15 minutes** increased by 15 per cent to \$15 in 1999, after remaining at \$13 between 1995 and 1998.

Table 1.2. Telstra labour charges^a: 1995 to 1999

	1995	1996	1997	1998	1999
Attendance	40	40	40	40	45
Per 15 minutes	13	13	13	13	15

a per person, during standard business hours.

Source: Telstra (various issues), *Public Switched Telephone Service Standard Tariff*.

C&W Optus was not asked to supply data on labour charges for this study.

Annual service charges

Annual service fees are levied for ongoing access to the network.

Three categories of annual service charges levied by Telstra were analysed (table 1.3). The standard annual charge for:

- a **standard business service** fell by 13 per cent in 1996 to its current level of \$240;
- a **non-profit business service** was unchanged at \$139.80 between 1995 and 1999; and
- a **non-business or residential service** was unchanged at \$139.80 between 1995 and 1999.

Two categories of annual service charges levied by C&W Optus (table 1.3) were analysed. The standard annual charge for:

- a **business service** was unchanged at \$139.80 between 1998 and 1999; and
- a **residential service** was unchanged at \$139.80 between 1996 and 1999. Pensioners received a \$6 concession on this charge paying \$133.80 over the period.

Table 1.3. Annual service charges: 1995 to 1999

	1995	1996	1997	1998	1999
Telstra					
Standard business service	275.00	240.00	240.00	240.00	240.00
Non-profit business service	139.80	139.80	139.80	139.80	139.80
Non-business service	139.80	139.80	139.80	139.80	139.80
C&W Optus					
Business service	na	na	na	139.80	139.80
Residential service	na	139.80	139.80	139.80	139.80
Pensioner service	na	133.80	133.80	133.80	133.80

Source: Telstra (various issues), *Public Switched Telephone Service Standard Tariff*, and data provided by C&W Optus to the Commission.

2. Local, community and pastoral calls

Local calls

Telstra and C&W Optus offer untimed local calls from a fixed line service. The standard nominal price for:

- a **Telstra** local call remained at 25 cents between 1995 and 1999; in real prices this is a 6 per cent decline (table 2.1). Pensioners received a concession over the period, paying 15 cents a call for their first 10 calls made each month; and
- a **C&W Optus** local call remained unchanged at 20 cents between 1996, when it entered the local call market in Melbourne and Sydney, and 1999. In real prices this is a 3 per cent decline (table 2.1). The 20 cents local call, however, is only offered to customers directly connected to C&W Optus' network. Customers not directly connected to its network pay 22 cents for local calls. Pensioners received a concession in 1996 paying 15 cents a call, but in 1997 this concession was removed.

Table 2.1. Price of a local call from a fixed line service: 1995 to 1999

At 30 June	Telstra				C&W Optus			
	Nominal ^a (\$/call)	Real ^b (\$/call)	Change in real prices	Index ^c	Nominal ^a (\$/call)	Real ^b (\$/call)	Change in real prices	Index ^c
1995	0.25	0.27		100	na			
1996	0.25	0.26	-4%	96	0.20	0.21		100
1997	0.25	0.25	-1%	95	0.20	0.20	-1%	99
1998	0.25	0.25	0%	95	0.20	0.20	0%	99
1999	0.25	0.25	-1%	94	0.20	0.20	-1%	97

a excluding pensioner and other discounts.

b Real prices were indexed using the CPI and are expressed in 1998–99 dollars.

c Index is calculated using real prices.

Source: CRU estimates based on data in Telstra (various issues), *Public Switched Telephone Service Standard Tariff*, and data provided by C&W Optus to the Commission.

There have been changes in the local call market in the latter part of 1999 and early 2000 that have resulted in further reductions in the price of local calls.

Discounts on standard local call charges

Customers may reduce the cost of their local calls by taking advantage of discount plans.

Telstra local calls are eligible for Flexi-Plan[®] discounts through the EasySaver[™] packages. By paying a higher annual service charge the price of a local call may be reduced by up to 28 and 52 per cent for households and businesses. These plans benefit average customers as well as high usage customers.

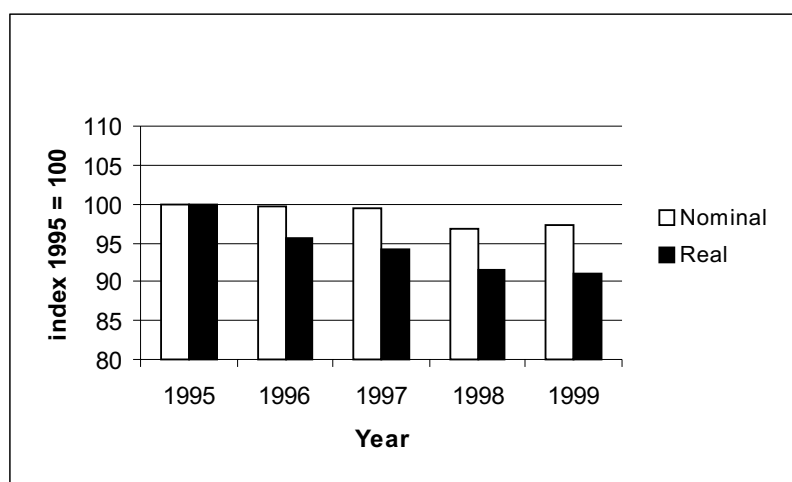
C&W Optus offers its long distance customers the option of including their Telstra local calls on their C&W Optus bill for long distance calls through Local Access Resale. Residential customers choosing this option receive a 5 per cent discount on the cost of each 25 cent local call made with Telstra. Business customers receive a discount of up to 12 per cent, the size of the discount being contingent upon the size of the local call bill.

Since 1997 C&W Optus has also offered its customers local calls for 15 cents on six special days a year, such as Christmas day.

Average prices paid

Telstra and C&W Optus supplied aggregated revenue and traffic data allowing average price paid per local call to be estimated for the market, inclusive of discounts and specials. The average price paid is equal to total revenue divided by the total number of calls. The CRU estimates that the average price paid for a local call has declined by around 9 per cent in real terms since 1995 (figure 2.1) compared to the standard price which has decreased by around 6 per cent in real terms.

Figure 2.1. Change in average prices paid for local calls: 1995 to 1999



Source: CRU estimates based on data provided by Telstra and C&W Optus.

Community calls

Community calls are made between basic telephone services in neighbouring community access zones or within a charging district. Community access zones and charging districts are defined in Telstra's *Public Switched Telephone Service Tariff*. C&W Optus also provides community calls to customers connected to its local and national long distance services, but as no data on these calls was provided only Telstra community calls were analysed in this study.

Between 1995 and 1997 community calls were charged at 25 cents per chargeable period. This was either 180 seconds during peak or evening periods, or 270 seconds during economy hours.

In 1998 Telstra introduced two-part pricing for community calls consisting of a flagfall and a variable charge related to the length of the call. Different variable rates apply to different peak and off-peak time bands. In 1999 Telstra increased the flagfall charge by 25 per cent from 12 to 15 cents and decreased standard variable charges across all time bands by around 10 per cent.

The effect of the changes was a 3 per cent fall in the average real price of a community call between 1998 and 1999. While the cost of a three minute community call did not change in 1999, the cost of five and 10 minute calls declined by 3 and 7 per cent.

Table 2.2. Weighted average prices community calls: Telstra, 1995 to 1999

At 30 June	Nominal (\$/call)	Real* (\$/call)	Change in real prices	Index ^a
Three minute call				
1995	0.25	0.27		100
1996	0.25	0.26	-4%	96
1997	0.25	0.25	-1%	95
1998	0.36	0.36	43%	136
1999	0.36	0.36	0%	136
Five minute call				
1995	0.50	0.53		100
1996	0.50	0.51	-4%	96
1997	0.50	0.51	-1%	95
1998	0.52	0.52	3%	98
1999	0.51	0.51	-3%	95

Ten minute call					
1995	0.94	1.01			100
1996	0.92	0.95	-6%		94
1997	0.91	0.92	-3%		91
1998	0.91	0.93	1%		92
1999	0.86	0.86	-7%		86
An average length community call					
1995	0.50	0.53			100
1996	0.50	0.51	-4%		96
1997	0.50	0.51	-1%		95
1998	0.50	0.50	0%		94
1999	0.49	0.49	-3%		92

* Real prices were indexed using the CPI and are expressed in 1998–99 dollars.

a Index is calculated using real prices.

Source: CRU estimates based on Telstra (various issues), *Public Switched Telephone Service Standard Tariff*, and data provided by Telstra to the Commission.

Pastoral calls

A pastoral call is a call made between basic telephone services that are either:

- in the same extended charging zone;
- in the same community access zone but with one service in an extended access zone; or
- in the same community access zone but with one service in a standard charging zone adjacent to one or more extended charging zones.²

Between 1995 and 1998, pastoral calls were charged at 25 cents per 270 seconds regardless of the time of day or distance over which the call was made. In 1999 this was extended to 300 seconds, cutting the cost of five and ten minute calls by 51 and 34 per cent. There was no change to the nominal price of a three minute call.

2 Telstra's *Public Switched Telephone Service Tariff* defines extended charging zones, community access zones and standard charging zones.

Table 2.3. Weighted average prices pastoral calls: Telstra, 1995 to 1999

At 30 June	Nominal (\$/call)	Real* (\$/call)	Change in real prices	Index^a
Three minute call				
1995	0.25	0.27		100
1996	0.25	0.26	-4%	96
1997	0.25	0.25	-1%	95
1998	0.25	0.25	0%	95
1999	0.25	0.25	-1%	94
Five minute call				
1995	0.50	0.53		100
1996	0.50	0.51	-4%	96
1997	0.50	0.51	-1%	95
1998	0.50	0.51	0%	95
1999	0.25	0.25	-51%	47
Ten minute call				
1995	0.75	0.80		100
1996	0.75	0.77	-4%	96
1997	0.75	0.76	-1%	95
1998	0.75	0.76	0%	95
1999	0.50	0.50	-34%	62
An average length pastoral call				
1995	0.34	0.36		100
1996	0.34	0.35	-4%	96
1997	0.34	0.34	-1%	95
1998	0.34	0.34	0%	95
1999	0.34	0.34	-1%	94

* Real prices were indexed using the CPI and are expressed in 1998–99 dollars.

a Index is calculated using real prices.

Source: CRU estimates based on Telstra (various issues), *Public Switched Telephone Service Standard Tariff*, and data provided by Telstra to the Commission.

3. National long distance calls

Price structure

Telstra and C&W Optus provide long distance calls that are timed. Both carriers use a two part pricing structure consisting of:

- a flagfall that is levied when the call is connected; and
- a variable charge that can vary by time of day, distance and call duration.

Telstra has two price structures for its national long distance calls, the applicable structure determined by whether a call is made through an exchange with call charge recording (CCR) or metered pulse charging. Since the vast majority of Telstra exchanges operate with CCR, this price structure was analysed.

In 1995 Telstra and C&W Optus had 20 and 24 different per minute charges. By 1999, however, these had been reduced to 12 and three respectively.

The main source of the reduced number of variable charges has been a reduction in the number of distance zones. By 1999 Telstra and C&W Optus had effectively reduced the number of their distance zones to four and one respectively.

The carriers have also redefined their time zones so that by 1999 a smaller number of hours per week were subject to peak rates and a larger number of hours per week eligible for off-peak or economy rates (table 3.1).

Table 3.1. Weekly number of hours for time zones: national long distance calls, 1995 to 1999

Charge rate	1995	1996	1997	1998	1999
Telstra					
Peak	50	50	50	30	30
Afternoon	-	-	-	30	30
Night	16	16	10	-	-
Economy	102	102	108	108	108
C&W Optus					
Peak	55	55	50	50	50
Off peak	52	52	56	70	70
Weekend	61	61	62	48	48

Source: Telstra (various issues), *Public Switched Telephone Service Standard Tariff*, and information provided by C&W Optus to the Commission.

Telstra and C&W Optus were able to provide limited data on average call durations during 1998 for national long distance calls. The following observations may be made.

- Average call durations varied between the carriers, resulting in notably different weighted average call prices for an average length call with each carrier.
- The longest calls were made to destinations greater than 745 kilometres away during off peak periods. These calls were on average between eight to 10 minutes long.
- The shortest calls were made during peak periods and to destinations less than 100 kilometres away. These calls were on average around three minutes long.

The lack of time series data over this period made it impossible to analyse changes in call duration and consumer behaviour in response to increased competition. For example, it was not possible to analyse how the introduction of Telstra's \$3 capped STD calls in the evenings affected consumer behaviour.

Flagfall charges

The standard flagfall charge for:

- a **Telstra** STD (national long distance) call increased by 25 per cent to 15 cents in 1998 and remained unchanged in 1999. In real prices this is a 17 per cent increase between 1995 and 1999; and
- a **C&W Optus** national long distance call increased to 12 cents in 1996 and 15 cents in 1998. In real prices this is a 40 per cent increase between 1995 and 1999.

Table 3.2. Flagfall charge for a national long distance calls, 1995 to 1999

At 30 June	Telstra				C&W Optus			
	Nominal \$	Real* \$	Change in real prices	Index ^a	Nominal \$	Real* \$	Change in real prices	Index ^a
1995	0.12	0.13		100	0.10	0.11		100
1996	0.12	0.12	-4%	96	0.12	0.12	15%	115
1997	0.12	0.12	-1%	95	0.12	0.12	-1%	114
1998	0.15	0.15	25%	118	0.15	0.15	25%	142
1999	0.15	0.15	-1%	117	0.15	0.15	-1%	140

* Real prices were indexed using the CPI and expressed in 1998–99 dollars.

a Index is calculated using real prices.

Source: CRU estimates based on Telstra (various issues), *Public Switched Telephone Service Standard Tariff*, and information provided by C&W Optus to the Commission.

Variable charges

Between 1995 and 1999 Telstra and C&W Optus increased some variable charges while decreasing others. In 1998 and to a lesser extent 1997, for example, Telstra increased a large proportion of its timed charges across most time and distance zones before reducing them in 1999. Between 1996 and 1998 C&W Optus increased most of its timed charges for calls made to destinations less than 100 kilometres away, but decreased charges for all calls made to more distant destinations. While this made some calls more expensive, the net effect was a decrease in the price of the majority of C&W Optus national long distance calls.

As a result of these changes, the weighted average variable charge for:

- each **Telstra** minute (table 3.3) fell by 4 cents in 1999 to 19 cents. In real prices this is an 18 per cent decline from the previous year. Since 1995 there has been a 35 per cent decline in real prices; and
- each **C&W Optus** minute (table 3.4) fell by 3 cents to 21 cents in 1998. In real prices this is a decrease of 14 per cent from 1997 and 25 per cent between 1995 and 1999.

Table 3.3. Weighted average variable charge for national long distance calls: Telstra, 1995 to 1999

At 30 June	Nominal (\$/min)	Real* (\$/min)	Change in real prices	Index ^a
1995	0.27	0.29		100
1996	0.24	0.25	-16%	84
1997	0.23	0.24	-4%	81
1998	0.23	0.23	-2%	79
1999	0.19	0.19	-18%	65

* Real prices were indexed using the CPI and expressed in 1998–99 dollars.

a Index is calculated using real prices.

Source: CRU estimates based on Telstra (various issues), *Public Switched Telephone Service Standard Tariff*, and data provided by Telstra to the Commission.

Table 3.4. Weighted average variable charge for national long distance calls: C&W Optus 1995 to 1999

At 30 June	Nominal (\$/min)	Real* (\$/min)	Change in real prices	Index ^a
1995	0.26	0.28		100
1996	0.24	0.25	-10%	90
1997	0.24	0.24	-2%	87
1998	0.21	0.21	-14%	76
1999	0.21	0.21	-1%	75

* Real prices were indexed using the CPI and expressed in 1998–99 dollars.

a Index is calculated using real prices.

Source: CRU estimates based on information provided by C&W Optus to the Commission.

Call prices

To analyse the effect of changes to the pricing regime for long distance calls, the CRU estimated changes to the weighted average price of three, five and 10 minute calls. It also calculated the weighted average price of an average length call for each carrier where the call average duration for the carrier was held constant over the study period. The average call durations, which are total call minutes divided by total calls, tend to increase with distance and during off peak periods.

It is not valid to use the weighted average prices to assess which carrier would be cheapest for an individual customer. This is because call patterns vary between carriers and an individual's usage pattern may differ from those on which the price calculations are based.

Telstra call prices

The weighted average price of Telstra national long distance calls analysed as part of this study declined in 1999. This was due to a fall in the standard variable charges across all time and distance zones. The weighted average price for:

- **a three minute** call declined by 11 cents in 1999 and 22 cents since 1995 (table 3.5). In real prices this is a decrease of 15 per cent from 1998 and 28 per cent since 1995;
- **a five minute** call fell by 19 cents to \$1.10 in 1999. In real prices this is a decrease of 16 per cent from 1998 and 31 per cent since 1995;
- **a ten minute** call fell by 27 cents in 1999 to \$2.05. In real prices this is a 13 per cent decline since 1998 and 33 per cent since 1995; and
- **an average length Telstra national long distance** call (table 3.5) fell by 24 cents to \$1.33 in 1999 due to lower variable charges. Since 1995 the average real price of a call has fallen by 14 per cent, although in 1997 and 1998 prices increased because of increases in variable charges across some time and distance zones.

Table 3.5. Weighted average prices national long distance calls: Telstra, 1995 to 1999^b

At 30 June	Nominal (\$/call)	Real* (\$/call)	Change in real prices	Index ^a
Three minute call				
1995	0.94	1.00		100
1996	0.84	0.86	-14%	86
1997	0.82	0.83	-4%	83
1998	0.83	0.84	2%	84
1999	0.72	0.72	-15%	72
Five minute call				
1995	1.49	1.59		100
1996	1.32	1.35	-15%	85
1997	1.29	1.30	-4%	82
1998	1.29	1.31	0%	82
1999	1.10	1.10	-16%	69
Ten minute call				
1995	2.85	3.05		100
1996	2.52	2.59	-15%	85
1997	2.45	2.48	-4%	81
1998	2.32	2.35	-5%	77
1999	2.05	2.05	-13%	67

An average length Telstra call				
1995	1.45	1.55		100
1996	1.43	1.47	-5%	95
1997	1.49	1.50	2%	97
1998	1.57	1.59	6%	103
1999	1.33	1.33	-16%	86

* Real prices were indexed using the CPI and are expressed in 1998–99 dollars.

a Index is calculated using real prices.

b It is not valid to use the weighted average prices to assess which carrier would be cheapest for an individual customer.

Source: CRU estimates based on data provided by Telstra to the Commission.

C&W Optus call prices

The weighted average price of C&W Optus national long distance calls analysed as part of this study declined marginally in 1999 after a larger decline in 1998. This resulted from variable charges no longer being differentiated by distance and decreasing for calls being made to destinations more than 100 kilometres away. The weighted average price for:

- **a three minute** call fell by 7 cents in 1998 and 11 cents between 1995 and 1999 (table 3.6). In real prices this is an 18 per cent decrease in price over the period;
- **a five minute** call declined by 13 cents in 1998 to \$1.19. In real prices this is a decrease of 10 per cent from 1997 and 21 per cent between 1995 and 1999;
- **a ten minute** call fell by the largest amount over the period. In 1998 the price fell by 30 cents from the previous year and 47 cents over the entire period. In real prices this is a 23 per cent decline since 1995; and
- **of an average length C&W Optus national long distance** call (table 3.6) fell by 12 cents to 99 cents in 1998. Since 1995, the average real price has fallen by 20 per cent.

Table 3.6. Weighted average prices national long distance calls: C&W Optus, 1995 – 1999b

At 30 June	Nominal (\$/call)	Real* (\$/call)	Change in real prices	Index ^a
Three minute call				
1995	0.88	0.94		100
1996	0.85	0.87	-7%	93
1997	0.84	0.85	-2%	90
1998	0.77	0.78	-8%	83
1999	0.77	0.77	-1%	82
Five minute call				
1995	1.40	1.50		100
1996	1.33	1.37	-9%	91
1997	1.32	1.34	-2%	89
1998	1.19	1.20	-10%	80
1999	1.19	1.19	-1%	79
Ten minute call				
1995	2.70	2.89		100
1996	2.55	2.61	-9%	91
1997	2.52	2.55	-2%	88
1998	2.22	2.25	-12%	78
1999	2.22	2.22	-1%	77
An average length C&W Optus call				
1995	1.15	1.23		100
1996	1.10	1.12	-9%	91
1997	1.11	1.12	0%	91
1998	0.99	1.00	-12%	81
1999	0.99	0.99	-1%	80

* Real prices were indexed using the CPI and are expressed in 1998–99 dollars.

a Index is calculated using real prices.

b It is not valid to use the weighted average prices to assess which carrier would be cheapest for an individual customer.

Source: CRU estimates based on data provided by C&W Optus to the Commission.

Discounts

Telstra and C&W Optus offer discounts and promotions on national long distance calls that may reduce average prices paid.

In 1999 Telstra reduced the number of Flexi-Plans available for national long distance calls. It no longer provided Flexi-Plan discounts to non-business customers with a basic telephone service, but did continue to cap the price of weekday evening STD calls at a maximum of \$3.

The Long Distance Saver 4 Flexi-Plan is still available to business customers with more than one service, but the discounts applicable under this plan have been reduced. In 1999, if expenditure on eligible calls was between \$500 and \$1000, a discount of 5 per cent was given. In 1998 the applicable discount was 17 per cent. The highest possible discount available in 1999 was 10 per cent and applied to eligible calls over \$450 000. In 1998 the same discount was 23 per cent. Loyalty discounts still apply under this Flexi-Plan with up to an additional 3 per cent discount available for customers who have held the Long Distance Saver 4 Flexi-Plan for 24 months or more.

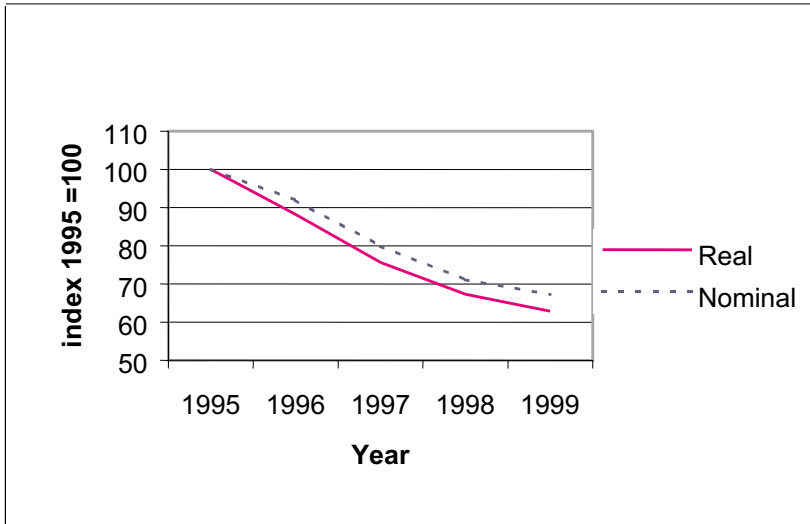
In 1999 C&W Optus offered its business customers loyalty discounts in the form of rebates on the annual cost of their national long distance phone bill. For example, if a customer remains with C&W Optus for one year they receive a rebate of 5 per cent on their entire year's long distance phone bill. After two and three years the rebate increases to 8 and 10 per cent. C&W Optus also provides discounts to small businesses if they combine their Telstra local call and C&W Optus long distance bills.

Until November 1999 C&W Optus charged a maximum of \$3.00 for any national long distance call made between 7 p.m. and midnight Monday to Friday. At that time it introduced 'Freetime'. This capped the cost of a national long distance call up to three hours long made at any time to \$3.00.

Average prices paid

The average price per minute paid by consumers for a national long distance call, inclusive of all discounts and concessions, is estimated to have declined significantly between 1995 and 1999. The CRU estimates that the price per minute has declined by around one third. In real prices this is a decline of 37 per cent.

Figure 3.1. Change in average price paid per call minute: National long distance calls, 1995 to 1999



Source: CRU estimates based on data provided by Telstra and C&W Optus.

4. International calls

The prices of international calls made to the 25 countries that represent more than 80 per cent of international call revenues for Telstra and C&W Optus in 1998 were analysed. Countries included in the sample were:

Canada	Indonesia	Papua New Guinea
China	Italy	Philippines
Fiji	Japan	Singapore
France	Korea, Sth R.	South Africa
Germany	Lebanon	Taiwan
Greece	Malaysia	Thailand
Hong Kong	Netherlands	United Kingdom
India	New Zealand	United States
		Vietnam

Price structure

As with national long distance calls, Telstra and C&W Optus provide international calls that are timed. Both carriers use a two part pricing structure consisting of:

- a flagfall that is levied when the call is connected; and
- a variable charge that can vary by country, time of day and call duration.

Between 1995 and 1999 both carriers varied the number of hours a week subject to peak and off peak charges. In 1999 Telstra ceased charging different rates for international calls made at different times of the day and introduced an 'Everyday rate' for each destination. C&W Optus also introduced a similar pricing structure in 1999, which reduced the price of their international calls significantly; but as these changes were introduced after 30 June 1999 they are outside the scope of this analysis and their effects are not reflected in this report.

Table 4.1. Hours per week subject to peak and other rates for international calls, 1995 – 1999

Charge rate	1995	1996	1997	1998	1999
Telstra					
Peak	73	56	50	50	-
Off peak	95	112	118	70	-
Weekend	-	-	-	48	-
Everyday	-	-	-	-	168
C&W Optus					
Peak	45	45	45	50	-
Off peak	123	123	123	70	-
Weekday	-	-	-	-	120
Weekend	-	-	-	48	48

Source: *Public Switched Telephone Service Standard Tariff*, Telstra and information provided by C&W Optus to the Commission.

Average call duration varies between the sample countries but there is no clear pattern. As call duration data provided by the carriers was for 1998, the effect on average call durations of the introduction of single rates to particular destinations, regardless of time of day, cannot be estimated.

Flagfall charges

Flagfall charges for international calls moved in line with the flagfall charges for national long distance calls for both carriers. As a result the flagfall charge for:

- a **Telstra** international call increased by 25 per cent to 15 cents in 1998 and remained unchanged in 1999 (table 4.2). In real prices this is a 17 per cent increase between 1995 and 1999; and
- a **C&W Optus** international call increased to 12 cents in 1996 and 15 cents in 1998 (table 4.2). In real prices this is a 40 per cent increase between 1995 and 1999.

Table 4.2. Flagfall charge for an international call: Telstra and C&W Optus, 1995 to 1999

At 30 June	Telstra				C&W Optus			
	Nominal \$	Real* \$	Change in real prices	Index ^a	Nominal \$	Real* \$	Change in real prices	Index ^a
1995	0.12	0.13		100	0.10	0.11		100
1996	0.12	0.12	-4%	96	0.12	0.12	15%	115
1997	0.12	0.12	-1%	95	0.12	0.12	-1%	114
1998	0.15	0.15	25%	118	0.15	0.15	25%	142
1999	0.15	0.15	-1%	117	0.15	0.15	-1%	140

* Real prices were indexed using the CPI and expressed in 1998–99 dollars.

a Index is calculated using real prices.

Source: CRU estimates, based on Telstra (various issues), *Public Switched Telephone Service Standard Tariff*, and information provided by C&W Optus to the Commission.

Variable charges

Nearly all variable charges levied by Telstra and C&W Optus for international calls to countries in the sample declined between 1995 and 1999. Changes to the hours charged at peak and off peak rates may have led to higher prices in some years for some consumers, but by 1999 the average price per minute to all countries had decreased.

With the introduction of Telstra's 'Everyday' rate in 1999, nominal peak rates fell by an average of 60 per cent while weekend rates fell by around 43 per cent. While all rates decreased, the biggest decreases in per minute charges occurred for calls to the United States, Greece and New Zealand where prices fell by 70, 66, and 65 per cent respectively from 1998. The smallest decreases occurred for calls to Vietnam, India and Papua New Guinea where prices fell by 28, 35 and 34 per cent respectively.

With the introduction of C&W Optus' 'Weekday' and 'Weekend' rates, nominal peak rates fell by an average of 29 per cent while 'Weekend' charges decreased by an average of 8 per cent. All rates fell, with the exception of weekend calls to Indonesia and Vietnam which did not change. The biggest decreases in per minute charges occurred for calls to Greece, China and South Korea with average per minute prices falling by 31, 28 and 28 per cent respectively. The smallest decreases occurred for calls to Indonesia, Papua New Guinea and Vietnam with prices falling by an average 4, 7 and 8 per cent respectively.

As a result of these changes the weighted average variable charge for:

- each **Telstra** minute (table 4.3) fell by 63 cents in 1999 from the previous year and by 79 cents since 1995. This is a decline in real prices of 54 per cent from 1998 and 62 per cent from 1995; and

- each **C&W Optus** minute (table 4.4) fell by 17 cents to 92 cents in 1999 and by 29 cents since 1995. In real prices this a decrease of 17 per cent from 1998 and 29 per cent since 1995.

Table 4.3. Weighted average variable charge for an international call: Telstra, 1995 to 1999

At 30 June	Nominal (\$/min)	Real* (\$/min)	Change in real prices	Index ^a
1995	1.34	1.43		100
1996	1.31	1.35	-6%	94
1997	1.27	1.29	-4%	90
1998	1.18	1.20	-7%	84
1999	0.55	0.55	-54%	38

* Real prices were indexed using the CPI and expressed in 1998–99 dollars.

a Index is calculated using real prices.

Source: CRU estimates, based on Telstra (various issues), *Public Switched Telephone Service Standard Tariff*, and information provided by Telstra to the Commission.

Table 4.4. Weighted average variable charge for an international call: C&W Optus, 1995 to 1999

At 30 June	Nominal (\$/min)	Real* (\$/min)	Change in real prices	Index ^a
1995	1.21	1.29		100
1996	1.20	1.24	-5%	95
1997	1.18	1.19	-4%	92
1998	1.09	1.10	-7%	85
1999	0.92	0.92	-17%	71

* Real prices were indexed using the CPI and are expressed in 1998–99 dollars.

a Index is calculated using real prices.

Note: C&W Optus prices decreased significantly after 30 June 1999.

Source: CRU estimates based on X data provided by C&W Optus to the Commission.

Call prices

The CRU estimated changes to the weighted average price of three, five and 10 minute calls and an average length call based on average call durations to each sample country. As mentioned previously, it is not valid to use the weighted average prices to assess which carrier would be cheapest for an individual customer. This is because call patterns vary between carriers and an individual's usage pattern may differ from those on which the price calculations are based.

Telstra call prices

The weighted average price of all Telstra international calls analysed as part of this study decreased between 1995 and 1999. This resulted from a decrease in the per minute rates for calls to countries in the sample. The weighted average price for a Telstra:

- three minute call declined from \$3.70 in 1998 to \$1.79 in 1999 (table 4.5). In real prices this is a decrease in price of 52 per cent from 1998 and 60 per cent from 1995;
- five minute call fell from \$6.06 in 1998 to \$2.88 in 1999. In real prices this is a decrease of 53 per cent from 1998 and 60 per cent since 1995;
- ten minute call fell by the largest amount, from \$11.97 in 1998 to \$5.61 in 1999; a fall of 54 per cent in real terms from 1998 and 61 per cent since 1995; and
- average length international call (table 4.5) has fallen from \$8.61 in 1995 to \$3.63 in 1999. In real prices this is a decrease of 61 per cent since 1995.

Table 4.5. Weighted average prices of international calls: Telstra, 1995 – 1999^b

At 30 June	Nominal (\$/call)	Real* (\$/call)	Change in real prices	Index ^a
Three minute call				
1995	4.13	4.42		100
1996	4.05	4.16	-6%	94
1997	3.94	3.99	-4%	90
1998	3.70	3.74	-6%	85
1999	1.79	1.79	-52%	40
Five minute call				
1995	6.72	7.19		100
1996	6.67	6.85	-5%	95
1997	6.49	6.57	-4%	91
1998	6.06	6.14	-7%	85
1999	2.88	2.88	-53%	40
Ten minute call				
1995	13.53	14.47		100
1996	13.23	13.57	-6%	94
1997	12.86	13.02	-4%	90
1998	11.97	12.12	-7%	84
1999	5.61	5.61	-54%	39

An average length international call with Telstra

1995	8.61	9.21		100
1996	8.55	8.77	-5%	95
1997	8.29	8.40	-4%	91
1998	7.74	7.84	-7%	85
1999	3.63	3.63	-54%	39

* Real prices were indexed using the CPI and are expressed in 1998–99 dollars.

a Index is calculated using real prices.

b It is not valid to use the weighted average prices to assess which carrier would be cheapest for an individual customer.

Source: CRU estimates based on Telstra, (various issues), *Public Switched Telephone Service Standard Tariff*, and data provided by Telstra to the Commission.

C&W Optus call prices

The weighted average price of all C&W Optus international calls analysed as part of this study decreased between 1995 and 1999. This was due to a decrease in the per minute rates. The weighted average price of a C&W Optus:

- **three minute call** fell from \$3.41 in 1998 to \$2.90 in 1999 (table 4.6). In real prices this is a decrease of 16 per cent from 1998 and 27 per cent since 1995;
- **five minute call** declined from \$5.59 in 1998 to \$4.73 in 1999. In real prices this is a decrease of 16 per cent from 1998 and 28 per cent since 1995;
- **ten minute call** fell by the largest amount from \$11.03 in 1998 to \$9.32 in 1999; a decline of 17 per cent in real terms from 1998 and 29 per cent since 1995; and
- **average length international call** (table 4.6) has decreased from \$7.94 in 1995 to \$6.06 in 1999 which is a decline of 29 per cent in real terms.

Table 4.6. Weighted average prices of international calls: C&W Optus, 1995 to 1999^b

At 30 June	Nominal (\$/call)	Real* (\$/call)	Change in real prices	Index ^a
Three minute call				
1995	3.73	3.99		100
1996	3.73	3.83	-4%	96
1997	3.65	3.69	-4%	92
1998	3.41	3.46	-6%	87
1999	2.90	2.90	-16%	73
Five minute call				
1995	6.15	6.58		100
1996	6.14	6.31	-4%	96
1997	6.00	6.07	-4%	92
1998	5.59	5.66	-7%	86
1999	4.73	4.73	-16%	72
Ten minute call				
1995	12.21	13.05		100
1996	12.17	12.49	-4%	96
1997	11.87	12.02	-4%	92
1998	11.03	11.17	-7%	86
1999	9.32	9.32	-17%	71
An average length international call with C&W Optus				
1995	7.94	8.49		100
1996	7.91	8.12	-4%	96
1997	7.69	7.79	-4%	92
1998	7.17	7.26	-7%	86
1999	6.06	6.06	-16%	71

* Real prices were indexed using the CPI and are expressed in 1998–99 dollars.

a Index is calculated using real prices.

b It is not valid to use the weighted average prices to assess which carrier would be cheapest for an individual customer.

Source: CRU estimates based on data provided by C&W Optus to the Commission.

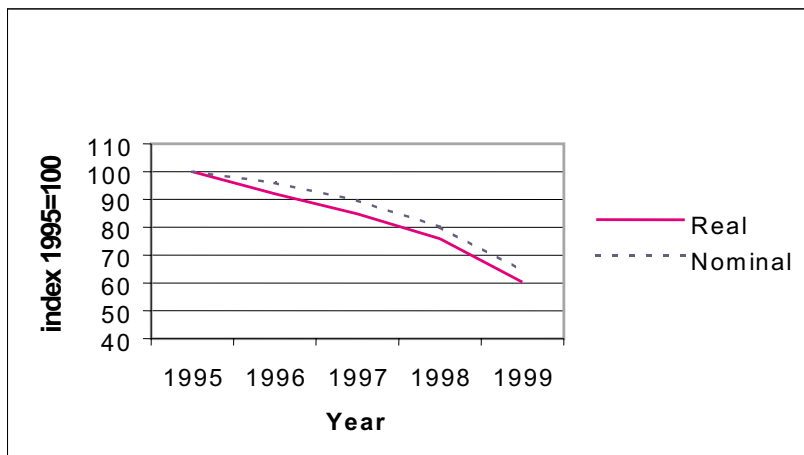
Discounts

Telstra offers customers who make above-average-length international calls the chance to purchase 30 minute blocks of time at concession rates. Each call destination country has its own rate. C&W Optus did not provide any details of discount plans for international calls. Both carriers appear to give short term discounts and promotions that lead to lower prices for customers.

Average prices paid

The average per minute price paid by consumers for international calls, inclusive of all discounts, specials and promotions, is estimated to have declined significantly between 1995 and 1999. The CRU estimates that the nominal price per minute has declined by around 35 per cent. In real prices this is a 40 per cent decrease.

Figure 4.1. Change in average price paid per call minute: International calls, 1995 to 1999



Source: CRU estimates based on data provided by Telstra and C&W Optus.

5. Operator-assisted calls

Telstra and C&W Optus have slightly different price structures for operator-assisted calls.

Telstra charges a fixed surcharge plus a variable charge per 180 seconds for its national long distance calls made with operator assistance and a fixed surcharge plus variable charge per minute for its international calls. The variable charges for operator-assisted calls are higher than those applicable to direct dial calls.

C&W Optus charges a flagfall, which is the same as for direct dial calls, a fixed service fee and a variable per minute charge for its national long distance and international calls. It charges an additional per second surcharge for international calls. The per minute charges are the same as the peak rate charges for direct dial calls.

Fixed charges

Both carriers increased the fixed charge component of the price of an operator-assisted call between 1995 and 1999. Telstra increased the fixed surcharge levied for a national long distance call made with operator assistance from \$2.80 to \$3 in 1998. Telstra's surcharge for an international call remained unchanged at \$3 over the study period.

C&W Optus increased its flagfall charge from 10 cents to 15 cents and its service fee from \$2.50 to \$3 a call in 1998 for national long distance and international calls.

Variable charges

Telstra did not change its variable charges for national long distance calls made with operator assistance between 1995 and 1999 (table 5.1). It made only one change to its international charges in 1998, decreasing the timed charge for a call to China.

Table 5.1. Weighted average variable charges for operator-assisted calls: Telstra

At 30 June	Nominal (\$/ 3mins)	Real* (\$/ 3mins)	Change in real price	Index ^a
National long distance calls				
1995	1.21	1.29		100
1996	1.21	1.24	-4%	96
1997	1.21	1.22	-1%	95
1998	1.21	1.22	0%	95
1999	1.21	1.21	-1%	94
	Nominal (\$/min)	Real* (\$/min)	Change in real price	Index ^a
International calls				
1995	2.50	2.67		100
1996	2.50	2.56	-4%	96
1997	2.50	2.53	-1%	95
1998	2.49	2.52	0%	94
1999	2.49	2.49	-1%	93

* Real prices were indexed using the CPI and expressed in 1998–99 dollars.

a Index is calculated using real prices.

Source: CRU estimates, based on Telstra (various issues), *Public Switched Telephone Service Standard Tariff*, and information provided by Telstra to the Commission.

Because C&W Optus charges the same per minute rate for operator assisted and direct dial calls made during the peak period, its customers requiring operator assistance have benefited from the declines in the variable charges for direct dial calls (table 5.2). Its per second surcharge for international calls did not change during this time.

Table 5.2. Weighted average variable charges for operator-assisted calls: C&W Optus

At 30 June	Nominal (\$/min)	Real* (\$/min)	Change in real price	Index ^a
National long distance calls				
1995	0.31	0.33		100
1996	0.29	0.30	-10%	90
1997	0.29	0.29	-1%	89
1998	0.25	0.25	-14%	77
1999	0.25	0.25	-1%	76

International calls				
1995	1.52	1.63		100
1996	1.51	1.55	-5%	95
1997	1.51	1.53	-1%	94
1998	1.51	1.53	0%	94
1999	1.08	1.08	-29%	66

* Real prices were indexed using the CPI and are expressed in 1998–99 dollars.

a Index is calculated using real prices.

Source: CRU estimates based on data provided by C&W Optus to the Commission.

Call prices

As a result of the changes described above the weighted average nominal price of a:

- **Telstra** national long distance call of average duration made with operator assistance (table 5.3) increased by 20 cents between 1995 and 1999. In real prices this is a decline of 4 per cent;
- **Telstra** international call of average duration made with operator assistance (table 5.3) decreased marginally between 1995 and 1999, with real prices falling by 7 per cent over this time;
- **C&W Optus** national long distance call of average duration made with operator assistance (table 5.4) increased by 26 cents or 6 per cent between 1995 and 1999 but remained unchanged in real prices; and
- **C&W Optus** international call of average duration made with operator assistance (table 5.4) decreased by 13 per cent between 1995 and 1999. In real prices this is a decrease of 18 per cent.

Table 5.3. Weighted average price of operator-assisted calls^b: Telstra, 1995 to 1999

At 30 June	Nominal (\$/call)	Real* (\$/call)	Change in real prices	Index ^a
National long distance calls				
1995	6.73	7.20		100
1996	6.73	6.91	-4%	96
1997	6.73	6.82	-1%	95
1998	6.93	7.02	3%	98
1999	6.93	6.93	-1%	96

International calls				
1995	19.10	20.43		100
1996	19.10	19.60	-4%	96
1997	19.10	19.34	-1%	95
1998	19.02	19.26	0%	94
1999	19.02	19.02	-1%	93

* Real prices were indexed using the CPI and expressed in 1998–99 dollars.

a Index is calculated using real prices.

b Average call durations vary between carriers, making comparison of this price between carriers invalid.

Source: CRU estimates, based on Telstra (various issues), *Public Switched Telephone Service Standard Tariff*, and information provided by Telstra to the Commission.

Table 5.4. Weighted average price of operator-assisted calls^b: C&W Optus, 1995 to 1999

At 30 June	Nominal (\$/call)	Real* (\$/call)	Change in real prices	Index ^a
National long distance calls				
1995	3.97	4.25		100
1996	3.88	3.98	-6%	94
1997	3.88	3.93	-1%	93
1998	4.23	4.29	9%	101
1999	4.23	4.23	-1%	99
International calls				
1995	18.72	20.02		100
1996	18.58	19.06	-5%	95
1997	18.58	18.81	-1%	94
1998	19.13	19.37	3%	97
1999	16.38	16.38	-15%	82

* Real prices were indexed using the CPI and are expressed in 1998–99 dollars.

a Index is calculated using real prices.

b Average call durations vary between carriers, making comparison of this price between carriers invalid.

Source: CRU estimates based on data provided by C&W Optus to the Commission.

6. Calls from a fixed to cellular mobile service

Calls from a Telstra fixed service to a mobile phone

Price structure

Calls made from a Telstra fixed line service to cellular mobile phone were charged at a fixed rate of 25 cents per chargeable period between 1995 and 1998. The chargeable period, measured in seconds, varied with the time of day, distance (for calls to Telstra mobiles only), and the network being called. The only change of note over this period was when Telstra increased the number of seconds per fixed charge to call a C&W Optus mobile in 1997, before reducing them again in 1998.

In 1999 Telstra introduced a two part pricing structure consisting of a flagfall of 15 cents per call and a per second charge that varied with the time of day, distance (for Telstra mobiles only) and the network being called. This led to a significant decline in the variable charge component of the overall call price. The weighted average charge per minute fell by 14 cents from 50 to 36 cents in 1999 (table 6.1). In real prices this is a 29 per cent decrease from 1998.

Table 6.1. Weighted average variable charge for a call made from a fixed telephone to a mobile phone^a: Telstra, 1995 to 1999

At 30 June	Nominal (\$/min)	Real [*] (\$/min)	Change in real prices	Index ^b
1995	0.50	0.54		100
1996	0.50	0.51	-4%	96
1997	0.50	0.51	-1%	95
1998	0.50	0.51	0%	95
1999	0.36	0.36	-29%	67

a Includes calls made to C&W Optus and Vodafone mobile services.

b Index is calculated using real prices.

* Real prices were indexed using the CPI and expressed in 1998–99 dollars.

Source: CRU estimates, based on Telstra (various issues), *Public Switched Telephone Service Standard Tariff*, and information provided by Telstra to the Commission.

Call prices

The weighted average nominal price:

- **a three minute** call declined from \$1.27 to \$1.23 in 1999 (table 6.2). In real prices this is a decrease of 4 per cent from 1998 and 11 per cent since 1995;
- **a five minute** call declined from \$2.10 in 1998 to \$1.96 in 1999. In real prices this is a decrease of 8 per cent from 1998 and 11 per cent since 1995;
- **a ten minute** call decreased by 24 cents from \$4 in 1998 to \$3.76 in 1999. In real prices this is a decrease of 7 per cent from 1998 and 13 per cent since 1995; and
- **an average length** call has remained almost unchanged between 1995 and 1999. The real price has declined by 8 per cent.

**Table 6.2. Weighted average prices of calls from a fixed line service to a mobile^a:
Telstra, 1995 to 1999**

At 30 June	Nominal (\$/call)	Real* (\$/call)	Change in real prices	Index ^b
Three minute call				
1995	1.29	1.38		100
1996	1.29	1.33	-4%	96
1997	1.27	1.29	-3%	93
1998	1.27	1.29	0%	93
1999	1.23	1.23	-4%	89
Five minute call				
1995	2.05	2.19		100
1996	2.05	2.10	-4%	96
1997	2.05	2.07	-1%	95
1998	2.10	2.13	3%	97
1999	1.96	1.96	-8%	89
Ten minute call				
1995	4.06	4.34		100
1996	4.06	4.16	-4%	96
1997	3.86	3.91	-6%	90
1998	4.00	4.05	4%	93
1999	3.76	3.76	-7%	87

An average length call ^c				
1995	0.78	0.83		100
1996	0.78	0.80	-4%	96
1997	0.78	0.79	-1%	95
1998	0.78	0.79	0%	95
1999	0.77	0.77	-3%	92

a Includes calls made to C&W Optus and Vodafone mobile services.

b Index is calculated using real prices.

c Average call durations vary between carriers, making comparison of this price between carriers invalid

* Real prices were indexed using the CPI and expressed in 1998–99 dollars.

Source: CRU estimates, based on Public Switched Telephone Service Standard Tariff, Telstra and information provided by Telstra to the Commission.

Calls from a C&W Optus fixed service to a mobile phone

Price structure

C&W Optus has a two part pricing structure consisting of a flagfall charge and a per second charge that varies by the time of day (peak, off peak or weekend) only. The per second charges have not changed since C&W Optus entered the local call market in 1996. The flagfall increased once in 1998 from 10 cents to 15 cents per call.

Variable charges

The weighted average:

- charge per minute remained at 38 cents in nominal terms between 1996 and 1999 (table 6.3), but real prices fell by 3 per cent.

Table 6.3. Weighted average variable charge for a call from a fixed to mobile phone^a – C&W Optus, 1995 to 1999

At 30 June	Nominal (\$/min)	Real* (\$/min)	Change in real prices	Index ^b
1995	na	na		
1996	0.38	0.39		100
1997	0.38	0.39	-1%	99
1998	0.38	0.39	0%	99
1999	0.38	0.38	-1%	97

a Includes calls made to Telstra and Vodafone mobile services.

b Index is calculated using real prices.

na Service not available.

* Real prices were indexed using the CPI and are expressed in 1998–99 dollars.

Source: CRU estimates based on data provided by C&W Optus to the Commission.

Call prices

The weighted average price of:

- **a three minute** call did not change in 1999 but increased from \$1.25 to \$1.30 in 1998 (table 6.4) because of the increased flagfall. In real prices this is an increase of 4 per cent from 1997 and 1 per cent since 1996;
- **a five minute** call increased to \$2.06 in 1998. In real prices this is a 2 per cent increase from 1997 but these decreased again in 1999;
- **a ten minute** call increased to \$3.97 in 1998 but in real terms decreased marginally over the period; and
- **an average length** call increased by 5 cents between 1996 and 1999 (table 5.4). In real prices this is a 4 per cent increase since 1996.

Table 6.4. Weighted average prices of calls from a fixed line service to a mobile^a: C&W Optus, 1995 to 1999

At 30 June	Nominal (\$/call)	Real* (\$/call)	Change in real prices	Index ^b
Three minute call				
1995	na	na		
1996	1.25	1.28		100
1997	1.25	1.26	-1%	99
1998	1.30	1.31	4%	103
1999	1.30	1.30	-1%	101
Five minute call				
1995	na	na		
1996	2.01	2.06		100
1997	2.01	2.03	-1%	99
1998	2.06	2.09	2%	101
1999	2.06	2.06	-1%	100
Ten minute call				
1995	na	na		
1996	3.92	4.02		100
1997	3.92	3.97	-1%	99
1998	3.97	4.02	1%	100
1999	3.97	3.97	-1%	99

An average length call ^c				
1995	na	na		
1996	0.70	0.72		100
1997	0.70	0.71	-1%	99
1998	0.75	0.76	7%	106
1999	0.75	0.75	-1%	104

a Includes calls made to Telstra and Vodafone mobile services.

b Index is calculated using real prices.

c Average call durations vary between carriers, making comparison of this price between carriers invalid.

na Service not available.

* Real prices were indexed using the CPI and are expressed in 1998–99 dollars.

Source: CRU estimates based on data provided by C&W Optus to the Commission.

7. Calls from cellular mobile phone services

Australia has one of the highest take up rates of mobile telephony in the world. At the end of June 1999 there were more than 6.6 million services in operation compared to around 5.4 million in 1998. On average, around 3450 mobile telephone services were added to the Australian network each day during 1998–99 (Department of Communications Information Technology and the Arts, 1999).

Telstra, C&W Optus and Vodafone are currently the major providers of mobile phone services in Australia and all supply a service in which calls are timed. Telstra and C&W Optus supplied digital and analogue services during the analysis period while Vodafone supplied a digital service only.

Price plans

The carriers generally sell their mobile services through packaged service plans. They have introduced a large number of plans to attract new customers with varying needs and usage patterns. The conditions of the plans vary considerably and may waive monthly access fees, include handset subsidies, free connection, free calls and pre paid calls. Generally, low volume users take up plans with lower monthly access charges and higher call prices. Conversely, high volume users tend to take up plans with higher access charges and lower call prices. Generally, once a customer signs up to a particular plan, the charges do not change over time unless the customer moves to a new plan. They are usually constrained from doing this until the contract period of their plan has expired, unless they are prepared to pay a penalty charge for leaving the plan early.

The Commission is unable to comment with any authority on the overall price movements for mobile telephony because there was insufficient data to analyse the plethora of mobile pricing plans. However, five popular plans nominated by the carriers for each year between 1995 and 1999 were analysed to give some indication of prices paid. The plans analysed were standard plans and not connected to handset purchases or offers. Some plans listed differ from year to year because of the introduction and closure of plans over the period.

Connection charges

All three carriers charged \$65 for connection to a digital mobile service between 1995 and 1999 (table 7.1). Telstra and C&W Optus charged \$45 for connection to the analogue network over the same period. The carriers sometimes waived this fee as part of special promotions. A weighted average price could not be estimated, however, as no data were available to indicate the proportion of new customers that did not pay these charges.

Table 7.1. Connection charges for mobile services: all carriers

At 30 June	Nominal (\$)		Real* (\$)		Change in real prices (%)	
	AMPS ^a	GSM	AMPS ^a	GSM	AMPS ^a	GSM
1995	45	65	48	70		
1996	45	65	46	67	-4%	-4%
1997	45	65	46	66	-1%	-1%
1998	45	65	46	66	0%	0%
1999	45	65	45	65	-1%	-1%

* Real prices were indexed using the CPI and are expressed in 1998–99 dollars.

a Telstra & C&W Optus only. Vodafone has not supplied AMPS in Australia.

Source: Telstra (various issues), *Public Mobile Telecommunications Service Tariff*, and information provided by C&W Optus and Vodafone to the Commission.

Access charges

Monthly access charges are levied for ongoing access to the mobile phone network. Access charges vary with each plan. In some cases, such as where pre-paid call options are available, customers do not pay monthly access fees. As already mentioned, high access charges are a trade off for low call charges and vice versa in many service plans.

It was impossible to determine whether access charges have on average increased or decreased over the study period. Insufficient data was available to do the necessary weighted average calculations.

Call prices

The price of mobile calls of the Telstra plans analysed consist of a flagfall charge plus a charge per 30 seconds. Flagfall charges differ between peak and off peak periods and between plans. The charge per 30 seconds varies by peak and off peak periods, distance (<165km or over) and plan. The call charges and plans analysed did not change significantly between 1995 and 1999. From 1 July 1999, however, charges for calls made on mobile phones changed to per second charging.

Subscribers to C&W Optus plans analysed pay a charge per 30 seconds for each mobile call. This charge varies by peak and off peak periods, distance and plan. C&W Optus offers its digital customers 'yes time' between 8.00 p.m. and midnight. If a customer calls another C&W Optus customer during these times, the first 20 minutes of a call are free.

Subscribers to Vodafone plans analysed pay a flagfall and a per second charge for mobile calls. Both charges differ between peak and off peak periods and between plans.

For illustrative purposes only the weighted average prices of one and three minute calls have been calculated for each popular plan nominated by the carriers and year (tables 7.2 to 7.4). Weighted average prices for calls of longer duration were not included because the call duration data supplied by the carriers indicate that the majority of mobile calls are between one and three minutes. The average prices are for calls after any eligible free minutes or calls.

Table 7.2. Cost of mobile telephony using popular mobile plans: Telstra, 1995 to 1999

Plans and year	Monthly access (\$)	Average price of a 1 minute call (\$)	Average price of a 3 minute call (\$)	Free calls, discounts
1995				
Flexi Plan 10 (AMPS)	10	1.44	3.78	
Flexi Plan 20 (AMPS & GSM)	20	0.97	2.55	
Flexi Plan 35 (AMPS & GSM)	35	0.51	1.33	
Flexi Plan 80 (AMPS & GSM)	80	0.51	1.33	\$52 of free calls then 5%
Flexi Plan 130 (AMPS & GSM)	130	0.51	1.33	\$125 of free calls then 5%
1996				
Flexi Plan 10 (AMPS)	10	1.44	3.78	
Flexi Plan 20 (AMPS & GSM)	20	0.97	2.55	
Flexi Plan 35 (AMPS & GSM)	35	0.51	1.33	
Flexi Plan 80 (AMPS & GSM)	80	0.51	1.33	\$52 of free calls then 5%
Flexi Plan 130 (AMPS & GSM)	130	0.51	1.33	\$125 of free calls then 5%
1997				
Flexi Plan 10 (AMPS)	10	1.44	3.78	
Flexi Plan 20 (AMPS & GSM)	20	0.97	2.55	
Flexi Plan 35 (AMPS & GSM)	35	0.51	1.33	
Flexi Plan 80 (AMPS & GSM)	80	0.51	1.33	\$52 of free calls then 5%
Flexi Plan 130 (AMPS & GSM)	130	0.51	1.33	\$125 of free calls then 5%
1998				
Flexi Plan 10 (AMPS)	10	1.44	3.78	
Flexi Plan 20 (GSM)	20	1.44	3.78	\$5 worth of free calls
Flexi Plan 35 (AMPS & GSM)	35	0.51	1.33	
Flexi Plan 75 (GSM)	75	0.51	1.33	\$55 worth of free calls
Flexi Plan 150 (GSM)	150	0.51	1.33	\$145 worth of free calls

1999				
Flexi Plan 10 (AMPS)	10	1.44	3.78	
Contact 20 Flexi Plan (GSM)	20	1.44	3.78	\$5 worth of free calls
Flexi Plan 35 (AMPS & GSM)	35	0.51	1.33	
Flexi Plan 75 (GSM)	75	0.51	1.33	\$55 worth of free calls
Flexi Plan 100 (GSM)	100	0.51	1.33	\$85 worth of free calls

Source: Telstra (various issues) *Public Mobile Telecommunications Service Tariff*, and CRU estimates based information provided by Telstra to the Commission.

Table 7.3. Cost of mobile telephony using popular mobile plans: C&W Optus, 1995 to 1999

Plans and year	Monthly access (\$)	Average price of a 1 minute call (\$)	Average price of a 3 minute call (\$)	Free calls, discounts
1995				
National (GSM)	35	0.41	1.22	10% after \$20; 20% after \$40
Powerplan 120 (AMPS & GSM)	120	0.41	1.22	\$110 calls included; then 20%
Powerplan 240 (AMPS & GSM)	240	0.41	1.22	\$280 of calls included; then 20%
Metro (GSM)	25	0.50	1.50	Double charge outside Metro area. 10% after \$20; 20% after \$40
Freedom (AMPS)	10	1.17	3.50	
1996				
National (GSM)	35	0.41	1.22	10% after \$20; 20% after \$40
Powerplan 120 (AMPS & GSM)	120	0.41	1.22	\$110 of calls included; then 20%
Powerplan 240 (AMPS & GSM)	240	0.41	1.22	\$280 of calls included; then 20%
Metro (GSM)	25	0.50	1.50	Double charge outside Metro area. 10% after \$20; 20% after \$40
Freedom (AMPS)	10	1.17	3.50	

1997				
National (GSM)	35	0.41	1.22	10% after \$20; 20% after \$40
Powerplan 120 (AMPS & GSM)	120	0.41	1.22	\$110 of calls included; then 20%
Freestyle Weekend (GSM)	20	1.17	3.50	\$52 of local weekend calls
Freedom Plus (AMPS)	10	1.22	3.66	
Today 30 (GSM)	30	0.53	1.60	
1998				
Freestyle Weekend (GSM)	20	1.17	3.50	\$52 of local weekend calls
Freestyleintouch Plus (GSM)	25	1.17	3.50	\$20 of calls included
Today 30 (GSM)	30	0.53	1.60	
Yes 20 (GSM)	20	0.81	2.44	
Powerplan 120 (AMPS)	120	0.41	1.22	\$110 of calls included; then 20%
1999				
Freestyle Weekend (GSM)	20	1.17	3.50	\$52 of local weekend calls
Powerplan 120 (AMPS)	120	0.41	1.22	\$110 of calls included; then 20%
Freestyleintouch Plus (GSM)	25	1.17	3.50	\$20 of calls included
Today 30 (GSM)	30	0.53	1.60	
Yes 20 (GSM)	20	0.81	2.44	

Source: CRU estimates based on information provided by C&W Optus to the Commission.

Table 7.4. Cost of mobile telephony using popular mobile plans: Vodafone, 1995 – 1999

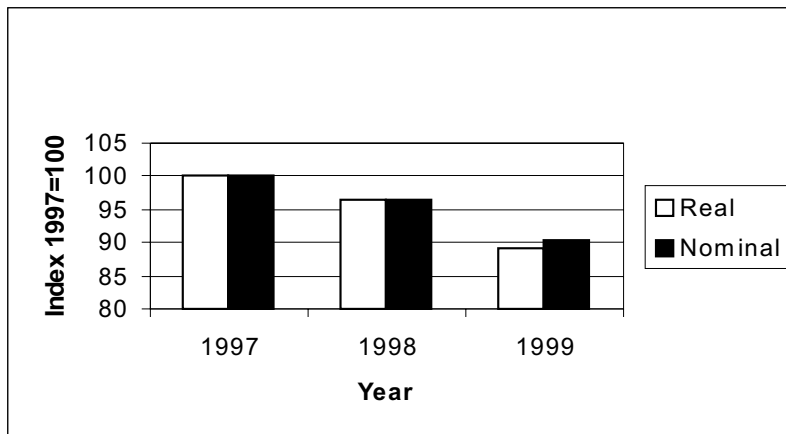
Plans and year	Monthly access (\$)	Average price of a 1 minute call (\$)	Average price of a 3 minute call (\$)	Free calls, discounts
1995				
Plan 1	35	0.41	1.22	
Plan 10	66	0.41	1.02	
Plan 11	38	0.50	1.31	
Plan 12	52	0.41	1.03	
Plan 13	66	0.41	1.02	
1996				
Plan 10	66	0.41	1.02	
Plan 11	38	0.50	1.31	
Plan 12	52	0.44	1.14	
Plan 13	66	0.41	1.02	
Plan 14	20	0.81	2.26	
1997				
Plan 5	30	0.72	1.86	20 minutes
Plan 8	10	0.40	1.09	
Plan 10	26	0.41	1.02	
Plan 16	55	0.46	1.20	60 minutes
Plan 17	70	0.46	1.20	120 minutes
1998				
Plan 10	26	0.41	1.02	
Plan 16	55	0.46	1.20	60 minutes
Plan 17	70	0.41	1.15	120 minutes
Plan 20	20	1.34	3.45	5 minutes
Plan 22	30	0.91	2.35	20 minutes
1999				
Plan 2	20	1.58	4.18	20 minutes
Plan 3	10	1.34	3.45	
Plan 4	30	0.97	2.32	30 minutes
Plan 10	26	0.41	1.02	
Plan 12	49	0.51	1.44	70 minutes

Source: CRU estimates based on information provided by Vodafone to the Commission.

Average prices paid

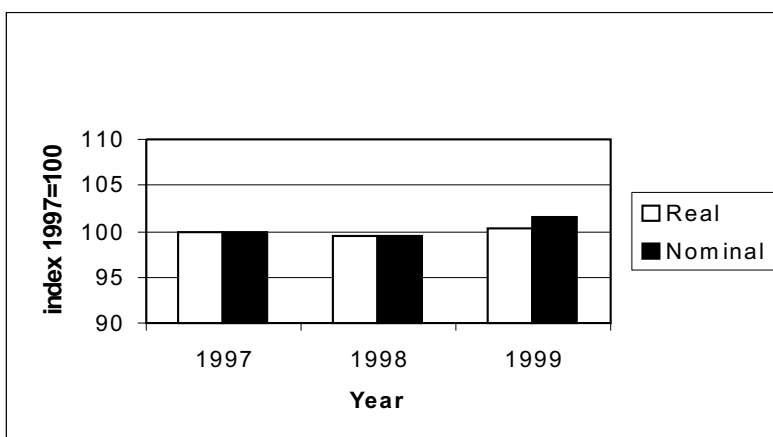
The average price per minute paid by consumers for mobile telephony, including access, connection and call charges but excluding handset costs, is estimated to have declined between 1997 and 1999. The CRU estimates that nominal price per minute has declined by around 10 per cent (figure 7.1). However, the average prices paid per minute by consumers for analogue services are estimated to have increased by around 2 per cent in nominal terms over this time (figure 7.2).

Figure 7.1. Change in average price paid per minute: digital mobile services 1997 to 1999



Source: CRU estimates based on data provided by Telstra, C&W Optus and Vodafone.

Figure 7.2. Change in average price paid per call minute: analogue mobile services, 1997 to 1999



Source: CRU estimates based on data provided by Telstra, C&W Optus and Vodafone.

8. The structure of telecommunications pricing

The price changes detailed in the previous sections have altered the ‘balance’ of telecommunications pricing between fixed and variable charges since 1995.³ That is, the fixed or ‘up-front’ charges have become a larger share of expenditure on telecommunications services. The rebalance has occurred because standard charges for connection, rental and local service have not changed significantly since 1995 while the variable charges for national long distance and international calls have declined steadily.

One way to illustrate the change is to consider the ‘purchasing power’ of one month’s standard rental in call equivalents (table 8.1). The increase in call equivalents for the timed services indicates that using the telephone network has become comparatively cheaper to gaining access to it.

Table 8.1. Call equivalents of one month’s standard telephone rental

At 30 June	Telstra			Local calls	C&W Optus	
	Local calls	National long distance* (minutes)	International calls** (minutes)		National long distance* (minutes)	International calls** (minutes)
1995	46	23	9	na	26	9
1996	46	26	9	58	29	9
1997	46	26	9	58	29	9
1998	46	33	9	58	46	9
1999	46	42	41	58	46	13

* Peak calls over 750 kms.

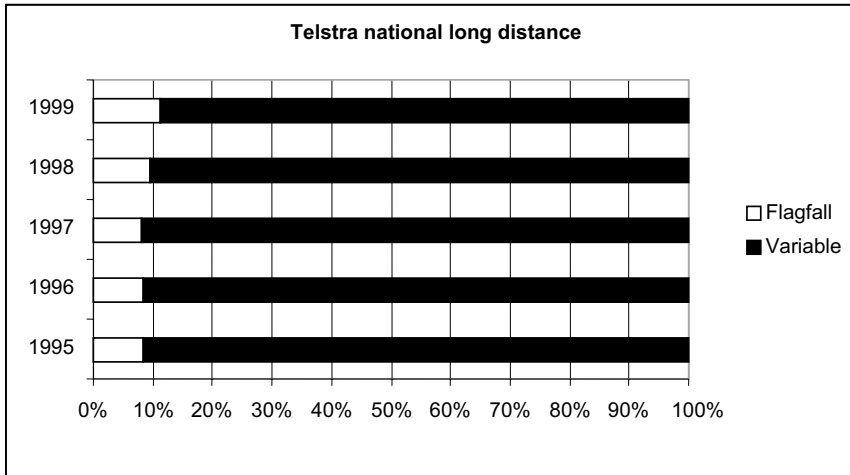
** Peak calls between Australia and the United States.

Source: CRU estimates.

The balance between fixed and variable charges has also altered for national long distance and international calls. Between 1995 and 1999 variable charges for national long distance calls decreased and the flagfall increased. Consequently, fixed charges increased as a proportion of the total weighted average call price for Telstra and C&W Optus (figures 8.1 and 8.2).

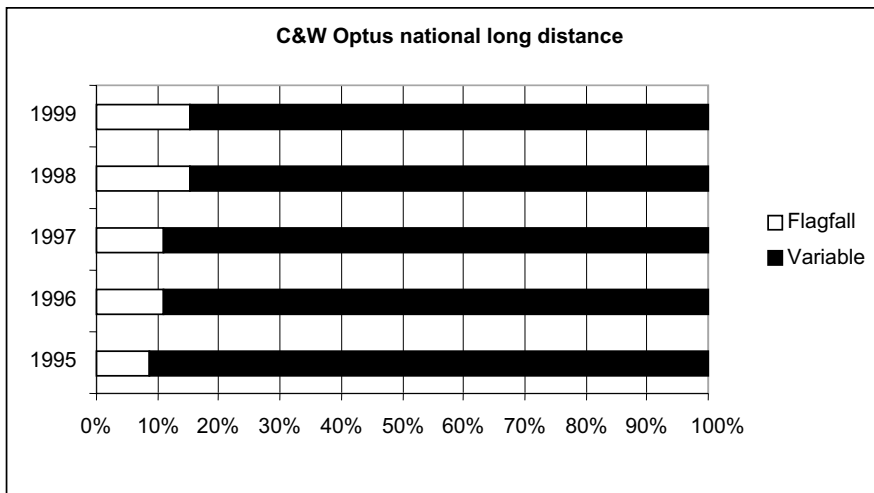
3 The report refers to fixed line services only because the price of mobile telephony could not be fully analysed.

Figure 8.1. Structure of national long distance call price 1995 to 1999: Telstra



Source: CRU estimates.

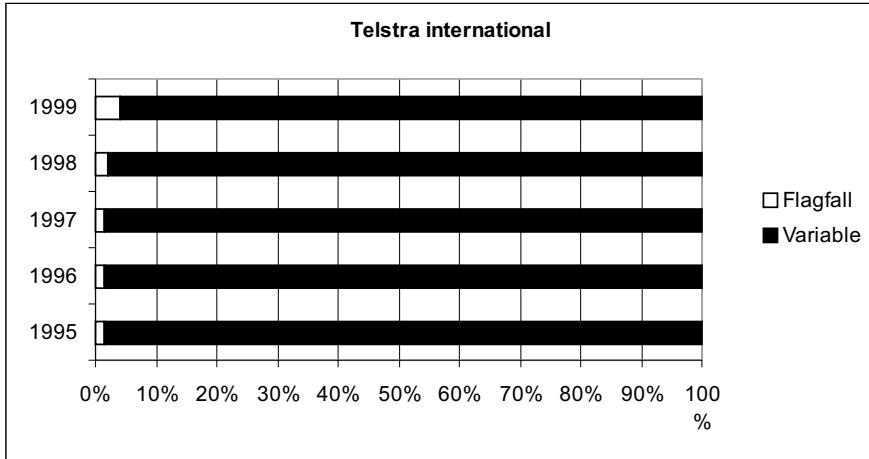
Figure 8.2. Structure of national long distance call prices 1995 to 1999: C&W Optus



Source: CRU estimates.

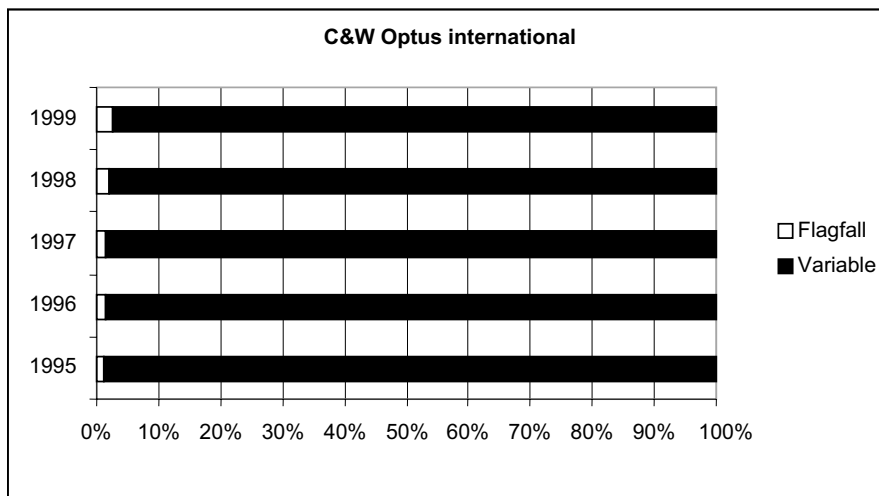
The pattern is similar, but less pronounced, for international calls (figures 8.3 and 8.4). Although flagfall charges for international calls are identical to those for national long distance calls, the variable charges are considerably higher.

Figure 8.3. Structure of international call prices 1995 to 1999: Telstra



Source: CRU estimates.

Figure 8.4. Structure of international call prices 1995 to 1999: C&W Optus



Source: CRU estimates.

Appendix 1. Weighted average price methodology and future directions

Most of the prices reported in this study are weighted averages because many telecommunications services do not have one unique price.⁴ These services have multiple tariff categories where the price of the service may vary by type of customer (e.g. business, residential), the type of service (e.g. new or in-place connections) and the service characteristics (time of day and destination of call).

A weighted average calculation aggregates the prices from all the tariff categories into one single price for the service. It is calculated by the following equation:

where:

$$P_t = \frac{\sum_{i=1}^N R_{1998}^i P_t^i}{\sum_{i=1}^N R_{1998}^i}$$

P_t is the weighted average price for a service in time t ,

P_t^i is the unit price of tariff category

i in the year t ; and

R_{1998}^i is the revenue generated by tariff category i in 1998.

That is, the weighted average is the sum of the unit prices multiplied by their weights, each weight being the proportion of the total service revenue earned by the tariff category. The prices of the tariff categories that attract the largest proportion of consumer expenditure are thus weighted most heavily. This ensures that the average price for the service is representative of the price paid by consumers given their consumption patterns and the unit price of each tariff category, if ideal weighting data were available.

4 The weighted average prices for Telstra services from 1995 to 1998 may differ from those reported in last year's study because the weighting data used in this report are from 1998 instead of 1997, as in last year's report.

Unfortunately, comprehensive weighting data were not available and the weighting data for 1998 has had to be used for all periods. The implication is that 1998 consumption patterns to all years should be applied.⁵

Some of the prices reported are not weighted averages, even though the relevant services have multiple tariff categories. In these cases insufficient weighting data were available and price changes are therefore reported for each tariff category.

Nominal or current dollar prices were indexed using the Consumer Price Index to obtain real prices expressed in 1998–99 dollars. The nominal and real prices are reported for all services.

5 To the extent that consumers are able to move between tariff categories as their relative prices change, this will introduce a downward bias to the estimates of price changes for some services between 1995 and 1998. The same factors will introduce an upward bias to the estimated price changes for some services between 1998 and 1999. A further complication is that the structure of tariff categories have undergone considerable change in some services. Combined with the upward bias introduced by using standard prices, the estimates of these changes might have a bias, the direction of which is difficult to determine. These are, however, the best possible estimates given the data the carriers supplied for use in this study.

Appendix 2. Services subject to price control

The telecommunications products and services subject to price control are listed in table A2.1. This report analyses the prices of the services listed in this table with the exception of leased line services.

The price control measures established by the *Telstra Carrier Charges — Price Control Arrangements, Notification and Disallowance Determination 1997* and applicable during the period of this report are:⁶

- a price cap of CPI-7.5 per cent applicable to eight core telecommunications services provided by Telstra, which includes connections, line rentals, local, trunk and international calls, domestic and international leased lines and cellular mobile telephone services;
- individual annual price caps of CPI-1 per cent applicable to Telstra's provision of individual line rentals, connections, trunk call and international call services to residential customers;
- the weighted average untimed local call price for residential/charity customers in rural Australia in the 1998–1999 financial year is not to exceed the weighted average local call price for residential/charity customers in metropolitan Australia in the 1997–1998 financial year;
- the weighted average untimed local call price for business customers in rural Australia in the 1998–1999 financial year is not to exceed the weighted average local call price for business customers in metropolitan Australia in the 1997–1998 financial year;
- a cap of 25 cents per call for untimed local calls made from a residential or business phone, and a cap of 40 cents per call untimed local calls from Telstra public payphones;
- Telstra may not increase a charge subject to price control arrangements by more than CPI without prior consent from the Commission; and,
- Telstra must provide advance notice to the Minister of an intention to alter charges for Directory Assistance (013) services, with the Minister then being able to disallow the proposed changes if he or she considers that the changes would not be in the 'public interest'.

6 The determination for 1999 came into effect from 1 July 1999.

Table A2.1 Specific telecommunications services subject to price control

As at 30 June 1999	Service subject to:		
	CPI-7.5 % price control basket	CPI-1% standard price residential sub-cap	ACCC consent for price increase above CPI
Connections		✓	✓
– In-place connection	✓	✓	✓
– New connection for pensioner	✓		
Labour charges		✓	✓
– Attendance	✓	✓	✓
– Per 15 minutes	✓		
Annual charges for basic telephone service		✓	✓
– Standard business service	✓		✓
– Non-profit business service	✓		✓
– Non-business service	✓		
Local calls		✓	✓
– Standard local call charge	✓	✓	✓
– Pensioners' local calls	✓		
Community calls		✓	✓
– Direct dial from a service with call charge recording (CCR) and no meter pulse signals	✓	✓	✓
– Direct dial from a service with no CCR and meter pulse signals	✓		
Pastoral calls		✓	✓
– Direct dial from a service with CCR and no meter pulse signals	✓	✓	✓
– Direct dial from a service with no CCR and meter pulse signals	✓		
STD [®] calls		✓	✓
– Direct dial from a service with CCR and no meter pulse signals	✓	✓	✓
– Direct dial from a service with no CCR and meter pulse signals	✓		
International calls		✓	✓
– Direct dial from a service with CCR and no meter pulse signals	✓	✓	✓
– Direct dial from a service with no CCR and meter pulse signals	✓		
Operator-assisted international calls			
– Per minute rates	✓		✓
Calls to a cellular mobile service			
– Direct dial from a basic telephone service to a cellular mobile service located in Australia.	✓	✓	✓

Digital cellular mobile service		
- Activation	✓	✓
- Access and call charges	✓	
Leased line services	✓	✓

Source: Methodology for Administration of the Telstra Carrier Charges Price Control Agreement, ACCC 1997 and 1999.

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