

Telstra payphones head to Federal Court

The Federal Court will be asked to decide Telstra's spat with several local councils over "low impact" payphones adorned with large digital billboards.

Telstra will ask the Federal Court to decide whether its upgraded payphones - featuring 75-inch billboards - can be considered "low impact".

The move by the telco to install the large screens on some of its 16,000 payphones has been labelled "a cash grab" by one Sydney councillor and led to the threat of legal action from other councils.

The City of Melbourne has already taken Telstra and outdoor advertising giant JCDecaux to a Victorian tribunal, arguing the pair should be following the same approval process as operators of other types of street billboards.

Telstra group general counsel Carmel Mulhern said the best path was to take the matter to the Federal Court so there was one judgement that applied across Australia.

"This will avoid the time and cost of court action in other states, and should mean a quicker, consistent outcome," she said in a statement.

City of Sydney Liberal councillor Craig Chung in April queried whether the use of payphones for lucrative commercial ads was anti-competitive and asked Lord Mayor Clover Moore to raise the issue with the federal government.

"It really is just a cash grab," Cr Chung told AAP.

Telstra can install "low impact" equipment without planning approval and believes installing or upgrading payphones fits this rule.

It is legally required to operate the payphone network under an obligation to provide reasonable access to telephone services.

Telstra says the upgraded booths will be critical as cities become more reliant on telecommunications infrastructure and could eventually offer Wi-Fi internet connections, charge phones and host 5G antenna boxes.

"Notwithstanding the decision to take this action, we will continue to engage and work with all stakeholders, including local governments and other associations on this project," Ms Mulhern said.