



Australian
Competition &
Consumer
Commission

NewsRelease

Attention: Telecommunication writers

A.C.C.C. ISSUES COMPETITION NOTICE TO TELSTRA OVER BROADBAND INTERNET PRICING

The Australian Competition and Consumer Commission has issued a Part A Competition Notice to Telstra in relation to the pricing of Telstra's broadband internet services, ACCC Chairman, Mr Graeme Samuel, said today.

Before issuing a Part A Competition Notice, the ACCC is required to have reason to believe that a carrier or carriage service provider has engaged, or is engaging, in anti-competitive conduct.

The ACCC considers that Telstra has engaged, and is engaging, in at least one instance of anti-competitive conduct of a kind described in the Notice.

"The ACCC believes that Telstra has engaged, or is engaging, in anti-competitive conduct in relation to Telstra's wholesale pricing of high speed internet services in light of its retail offerings", Mr Samuel said.

The ACCC has been investigating this matter since Telstra's announcement of its intention to introduce new ADSL pricing on 16 February 2004.

"The ACCC is aware that negotiations between Telstra and its wholesale customers have been under way since the ACCC issued a consultation notice to Telstra.

"The issuing of the Competition Notice gives all parties the opportunity to determine a competitive wholesale rate structure by engaging in constructive negotiations.

"The ACCC expects these negotiations to take place as a matter of urgency. Telstra needs to reach agreement as to this competitive wholesale rate structure quickly with its wholesale customers.

"In further assessing Telstra's conduct, the ACCC will be examining any new pricing offers".

"Whether or not further action is appropriate will be guided by the results of the continuing investigation and the progress of negotiations between Telstra and wholesale access seekers".

The issuing of a competition notice allows parties such as internet service providers and carriers to take action to seek damages and compensation for the specified anti-

competitive conduct that occurs while the notice is in force. The ACCC is also able to seek pecuniary penalties, through the Federal Court, in relation to the specified anti-competitive conduct which occurs while a competition notice is in force. The court may impose the following maximum penalties for contraventions of the competition rule: \$10 million for each contravention and \$1 million for each day it continues.

Further information

Mr Graeme Samuel, Chairman, (03) 9290 1812 or mobile/pager 0408 33 5555

Mr Ed Willett, Commissioner, 0414 559 999

Ms Lin Enright, Director, Public Relations, (02) 6243 1108 or 0414 613 520

MR 39/04

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BACKGROUND

Section 151AK, contained in Part XIB of the Act, specifies that a carrier or carriage service provider must not engage in anti-competitive conduct – this is known as the competition rule. Section 151AJ specifies circumstances in which a carrier or carriage service provider is said to engage in anti-competitive conduct.

Section 151AKA(8) specifies that the ACCC may issue a Part A competition notice that describes a kind of anti-competitive conduct if the ACCC has reason to believe that the carrier or carriage service provider concerned has engaged, or is engaging, in at least one instance of anti-competitive conduct of that kind.

ADSL stands for Asymmetrical Digital Subscriber Line. It is a technology that uses the copper wire network to enable a broadband service to be delivered via a dedicated line from the customer home to a telephone exchange. ADSL is a high bandwidth downstream service, coupled with a lower bandwidth upstream service. Typically, such asymmetric services are well suited to Internet access and services like Interactive TV where more data is going to the customer than is being sent by the customer.