

NEWS RELEASE



Australian
Competition &
Consumer
Commission

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Attention: Telecommunications writers

A.C.C.C. ISSUES COMPETITION NOTICE

The Australian Competition and Consumer Commission today issued a Part A Competition Notice in relation to Telstra's wholesale line rental price increase.

In December 2005, Telstra raised the price of its Home Access product, which is an input used by Telstra's wholesale customers to provide line rental and local call services to consumers. The price increase resulted in Telstra's retail prices for the line rental component for the majority of its fixed voice products being below Telstra's wholesale price for line rental.

The ACCC considers the effect or likely effect of Telstra's pricing conduct includes:

- hindering Telstra's retail competitors from competing for certain types of customers
- reducing the incentives of Telstra's retail competitors to compete for new or existing customers
- reducing the ability of Telstra's retail competitors to expand product offerings and invest in infrastructure.

The competition notice allows third parties to take action to seek to recover loss or damage for certain anti-competitive conduct that occurs while the notice is in force. It also provides various options for the resolution of the ACCC's competition concerns. Further action by the ACCC will depend on a number of factors, including the outcome of the continuing investigation as well as any action taken by Telstra in response to the notice.

Further information

Mr Graeme Samuel, Chairman, (03) 9290 1812 or mobile/pager 0408 335 555

Mr Ed Willett, Commissioner, 0414 559 999

Mr Michael Cosgrave, General Manager, Communications (03) 9290 1914 or 0416 043 160

Ms Lin Enright, Director, Public Relations, 0414 613 520

General inquiries

Infocentre: 1300 302 502

MR 85/06

12 April 2006

BACKGROUND

Section 151AK, contained in Part XIB of the *Trade Practices Act 1974*, 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 engages in anti-competitive conduct. This includes taking advantage of a substantial degree of power in a telecommunications market with the effect or likely effect of substantially lessening competition in a telecommunications market.

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.