

NEWS RELEASE



Australian
Competition &
Consumer
Commission

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Attention: Telecommunications writers

A.C.C.C. ISSUES FINAL DECISIONS ON REGULATION OF FIXED LINE TELECOMMUNICATIONS SERVICES

The Australian Competition and Consumer Commission today issued final decisions on the future regulation of key fixed network telecommunications services.

"The ACCC has decided to continue the regulation of the unconditioned local loop service, PSTN originating and terminating access services and local carriage service for three years from 1 August 2006", ACCC Chairman, Mr Graeme Samuel, said. "It has also decided to formalise the declaration of a wholesale line rental service".

The decisions form part of the ACCC's local services review and strategic review of the regulation of fixed network services.

"The ACCC found that regulated access to the ULLS, PSTN OTA, LCS and WLR would promote competition in a number of downstream markets. The ACCC has concluded that re-declaration of these access services will be in the long-term interest of end-users", Mr Samuel said.

"However, the ACCC intends to maintain a close watch on the competitive influence of infrastructure deployed by Telstra's competitors.

"As part of its ongoing evaluation of the need for regulation, the ACCC is exploring methods to undertake a comprehensive survey of infrastructure without placing undue burden on industry. Based on previous work, the ACCC has already exempted CBD areas from LCS and WLR regulation".

The ACCC has aligned the declaration periods for all four services to allow the declaration of these related services to be collectively reviewed in three years' time.

The ACCC has also made a final decision to revoke the declaration of the Conditioned Local Loop Service, on the grounds that the service provides little or no competitive benefits.

The ACCC has also issued pricing principles and draft indicative prices.

"The Trade Practices Act requires that the ACCC propose pricing principles, and may propose indicative prices, for declared services", Mr Samuel said.

"The ACCC proposes to continue the cost-based pricing approach for the ULLS and PSTN OTA services. It will also seek to implement cost-based pricing for the LCS and WLR service once a robust cost model is available. In the interim, the retail-minus pricing approach will continue for the LCS and WLR.

"The ACCC also considers that indicative prices for the PSTN OTA, LCS and WLR services will provide useful certainty for industry about the ACCC's view on appropriate prices for these services while the ACCC finalises its assessment of Telstra's undertakings for these services".

The ACCC has accordingly published draft indicative prices for these three services. As there are a number of pricing issues currently being resolved in arbitrations for the ULLS, the ACCC does not consider it appropriate to pre-empt this assessment at this time.

The ACCC invites interested parties to make written submissions on the draft pricing principles for the ULLS and PSTN OTA and on the draft indicative prices for PSTN OTA, LCS and WLR by 31 August 2006. The ACCC also continues to seek responses to broader regulatory issues, raised in the position paper for the Strategic Review that was released in June, by the same date.

Details for providing submissions to the ACCC are contained in the final reports, which will be available from the ACCC website, www.accc.gov.au.

Media inquiries

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Glossary

The unconditioned local loop service (ULLS) allows Telstra's competitors access to the copper wire, without dial tone or carriage service, between an end-user customer and a telephone exchange. Competitors use the ULLS with their own equipment in exchanges to provide a range of services, including traditional voice services and high-speed internet access, to the end-user.

The PSTN originating and terminating access (PSTN OTA) services respectively allow access seekers to buy the carriage of telephone calls from a calling end-user to a point of interconnection (POI) with the access seeker's network, and the carriage of telephone calls from a POI to a receiving end-user. The two services allow telecommunications companies to provide services such as national long-distance calls, international calls and calls between fixed and mobile networks.

The local carriage service (LCS) is a service for the supply of an end-to-end voice grade carriage service between two points within a standard zone. It allows access seekers to resell local calls to end-users.

Wholesale line rental (WLR) allows access seekers to resell the basic line rental that allows an end-user to connect to the traditional voice network, make and receive voice calls and have a telephone number.