



Australian
Competition &
Consumer
Commission

GPO Box 3131 Canberra ACT 2601
23 Marcus Clarke Street Canberra ACT
tel: (02) 6243 1111 fax: (02) 6243 1199
www.accc.gov.au

NEWS RELEASE

ACCC ACCEPTS TELSTRA'S STRUCTURAL SEPARATION UNDERTAKING

The Australian Competition and Consumer Commission has accepted Telstra's structural separation undertaking (SSU) and approved its draft migration plan.

Telstra submitted its SSU to the ACCC as a result of the legislative framework established in the package of telecommunications reforms introduced by the Federal Government in 2009. The undertaking implements structural separation through migration to the national broadband network.

Telstra's structural separation responds to longstanding competition concerns arising from Telstra's involvement in both wholesale and retail markets.

"The ACCC's acceptance of Telstra's undertaking marks a significant milestone in the structural reform of the telecommunications sector," ACCC chairman Rod Sims said.

"This SSU has been the subject of extensive consultation and public discussion. The ACCC acknowledges contributions from industry, as well as the preparedness of Telstra and NBN Co to modify the undertaking in response to legitimate concerns.

"In particular, Telstra has made substantial improvements to its interim equivalence and transparency commitments, which are intended to ensure that wholesale customers gain access to key input services on an equivalent basis to Telstra's retail business units during the transition to the National Broadband Network."

These changes were made by Telstra following concerns raised by the ACCC, and provides additional assurance that the equivalence and transparency measures will remain appropriate and effective over time.

These measures should result in greater competition in telecommunications markets as the industry moves to the new wholesale-only network. More effective competition in telecommunications markets will result in improved service offerings to consumers.

A key feature of the new regime is that Telstra has undertaken to deliver price equivalence to all its copper-based access services and exchanges through new wholesale contracts that will specify that, as a default position, the charges set out in ACCC access determinations are to apply. The recent declaration of the wholesale ADSL service means that this principle will also apply to that service.

Telstra has also undertaken to renegotiate existing wholesale ADSL contracts in light of the ACCC's recent access determination if requested by a wholesale customer.

The new interim measures also include specific commitments to ensure the quality of Telstra's supply of regulated services, and the security of wholesale customer information. These commitments are supported by ring fencing arrangements and the periodic reporting of key performance indicators and financial accounts.

The undertaking also provides for various compliance measures and dispute resolution processes, including an independent telecommunications adjudicator scheme.

"Many of these measures were significantly strengthened during the public consultation period, through expanding the scope of their application and the range of consequences in the case of non-compliance," Mr Sims said.

NBN Co and Telstra have also addressed some issues regarding commercial arrangements raised by the ACCC. For example restrictions on Telstra promoting wireless services as a substitute for fibre services were removed, with Telstra's marketing of those services instead being governed by the usual requirements of the *Australian Consumer Law*.

In addition, NBN Co and Telstra have provided an undertaking to the ACCC that amendments to commercial arrangements that would restrict either party from competing will be subject to ACCC oversight.

The full reasons for the ACCC's decision in relation the structural separation undertaking and draft migration plan will shortly be made available on the ACCC's website at www.accc.gov.au/ssu

Media inquiries

Mr Rod Sims, ACCC Chair, (02) 6243 1108 or 0408 995 408

Mr Ed Willett, Commissioner, 0414 559 999

General inquiries

Infocentre: 1300 302 502

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