Telstra's compliance with price control arrangements: 2003–04

Report to the Minister for Communications, Information Technology and the Arts

December 2004

ISBN 1 920702 66 0

Produced by the ACCC Publishing Unit 02/05.

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Consumer
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12 January 2005

Senator the Hon. Helen Coonan
Minister for Communications,
Information Technology and the Arts
Parliament House
CANBERRA ACT 2600

Dear Minister

Under the *Trade Practices Act 1974* (the Act) the Australian Competition and Consumer Commission is required to annually review and report on the adequacy of Telstra's compliance with the price control arrangements. The report must be tabled within 15 sitting days.

In line with a direction that this year's report should be provided in a more timely manner, the ACCC is providing it to you prior to it being type set for subsequent publication. The ACCC will provide a type set edition in time for you to table the report.

Yours sincerely

Graeme Samuel
Chairman

EXECUTIVE OFFICE

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1. Background and summary

Under paragraph 151CM(1)(b) of the *Trade Practices Act 1974*, the Australian Competition and Consumer Commission (ACCC) must report to the Minister for Communications, Information Technology and the Arts on the adequacy of Telstra's compliance with the price control arrangements that apply to it.

The price control arrangements applying to Telstra for the 2003–04 financial year are specified in the minister's *Telstra Carrier Charges—Price Control Arrangements, Notification and Disallowance Determination No.1 of 2002* (the determination). Compliance with these arrangements is a condition of Telstra's carrier licence.

Subject to the qualifications listed in this report, the ACCC considers Telstra has adequately complied with these price control arrangements.

Pursuant to the determination, Telstra must report to the ACCC within three months of the end of each financial year. The ACCC's report to the minister is based upon an assessment of the information that Telstra supplies.

On a forward-looking basis, the ACCC considers that future price control arrangements should provide stronger incentives for Telstra to improve its information and reporting systems. The ACCC considers this is necessary to better ensure that the benefits envisaged by the price control arrangements are realised.

In April 2004 the ACCC was directed by the minister to undertake a review of the existing price control arrangements. The review is to be completed by 31 January 2005.

1.1 Qualifications to the reported results

1.1.1 Introduction

In reporting on the adequacy of Telstra's compliance with the price control arrangements, it has not been possible for the ACCC to accept Telstra's submitted data without qualification.

These qualifications can be characterised as involving:

- matters of interpretation of the price control arrangements
- matters reflecting data limitations.

The ACCC's subsequent discussion of Telstra's compliance with the price control arrangements should be read subject to these qualifications.

1.1.2 Late supply of reconciliations of data reported for price control purposes and Telstra's publicly reported data

Telstra is required by the price control arrangements to supply a report by 30 September that reconciles these data sets.[1] This requirement better ensures that the revenue and demand data used in calculating average prices for price control purposes captures all supplies of price-controlled services and excludes supplies that are not price-controlled, and is an important tool in assessing the robustness of Telstra's reporting.

Such reconciliations are necessary because Telstra constructs the publicly reported classes of service (i.e. the aggregation of particular products into a reporting item) differently from the equivalent services that are subject to price control.

While Telstra belatedly supplied a report to the ACCC, its late supply has meant that the ACCC has been unable to scrutinise the reconciliations that have been made. Accordingly, the ACCC is unable to express an opinion as to whether the services that have been reported by Telstra align with the services that are specified in the price control arrangements.

1.1.3 The disputed 3 percentage point line rental claim

By way of background, in reporting the 2001–02 price movement for the line rental service, Telstra substituted for actual demand data—i.e. the number of line rental services in operation (SIO)—values that it considered more consistent with its line rental revenues. This resulted in Telstra reporting a price movement that was three percentage points below what would have been reported had actual demand data been used.

The ACCC considered this approach to be inappropriate because the values used could not be audited, and it could not be explained why substituting Telstra's values should give a superior result to using actual demand data.

The matter was to the ACCC's understanding settled on the basis that the disputed percentage points would not be used by Telstra and that Telstra would in future align its reporting with the ACCC's view as though the ACCC's view was correct but on a without-admission basis. This alignment of views was deferred until 2003–04 rather than brought to account in the 2002–03 line rental basket given the short period remaining within that year by the time this agreement was reached.

While Telstra has correctly deducted the disputed three percentage points on the face of its final compliance report, Telstra has however added a footnote that states:

> Disputed percentage points omitted by Telstra for current financial year as agreed with the ACCC, however, *Telstra reserves the right to claim this carry in credit in any future period*. (emphasis added)

1 The requirement is contained in the methodology that the ACCC issued—the requirement to comply with ACCC specified reporting obligations is contained in the minister's price control instrument.

Although Telstra has not stated why it believes this course is open to it, the ACCC considers any such use of the three percentage points in 2004–05 or any later year as foreshadowed would be contrary to the price control arrangements that apply to Telstra and contrary to the agreement previously reached on this issue.

1.1.4 The treatment of pensioner rebates

In March 2003 Telstra altered its customer terms to the effect that all pensioner discounts, including those given as a result of call charges being incurred, were to be wholly offset against line rental charges.

These customer terms currently provide that pensioner customers will receive a minimum $3 rebate off their line rental charge (unless the pensioner is connected to the Homeline Budget product in which case no minimum rebate is given). For the first $9.25 worth of calls that a pensioner customer makes (or $3.50 of calls if connected to a Homeline Budget line rental), the pensioner rebate on line rental increases by a dollar for every dollar, or part thereof, that is spent on calls.[2]

To illustrate, in June 2004 pensioner customers on Homeline Complete would face Telstra charges of $23.95 per month before making any calls—that is, for rental of the line only. Should these customers make calls within the month to a notional value of $9.25, they would still face Telstra charges of $23.95 per month—that is, these calls would generate no incremental revenues. Telstra however reports on the basis that such a customer has paid $9.25 for calls and $14.70[3] for line rental.

As such, Telstra has attributed revenues to its call services in excess of the incremental revenues that the calls in fact generate with an equal amount being deducted from revenues that Telstra attributes to line rentals. The ACCC considers that this treatment:

- fails to give an accurate measure of the prices in fact faced by pensioner customers for Telstra call services and line rental services respectively
- is inconsistent with the policy objectives of the price control arrangements as reflected in the specification of discrete baskets of services subject to different price caps—in that discounts that Telstra gives as a result of customers using services in the first basket of services are being applied to increase price flexibility in the second basket of services.

This matter has more significance for 2003–04 reported price movements given that for the majority of 2002–03, the base year for deriving these price movements, this treatment was not applied.

2 See Telstra Corporation Limited, *Telstra Announces Price Changes And New Customer Rewards Program*, 29 April 2004 http://www.telstra.com.au/communications/media/docs/summary1292004.pdf

3 $14.70 = $23.95 - $9.25

1.1.5 Errors in previously reported basic access SIO data

In April 2004 Telstra published corrected quarterly basic access SIO data for the period from 1Q 2002–03. These corrected data show between 130 000 and 170 000 additional basic access SIOs each quarter than what had been previously reported by Telstra. Telstra states that the error is due to the 'accumulation process'.[4]

The ACCC requested a briefing on the consequences of prior year inaccuracies in Telstra's basic access SIO data for reporting on the 2002–03 line rental basket given that the price control arrangements provide that errors arising in prior years should be corrected where they are greater than 0.3 percentage points. The ACCC was also concerned to understand the causes for the inaccuracy in the relevant Telstra information systems and to assess the adequacy of measures taken to ensure that those systems would operate accurately in future.

As, however, the ACCC did not receive this briefing, the ACCC is unable to express an opinion as to whether the correction of prior year basic access SIO data has been appropriately brought to account by Telstra in reporting in respect of the second basket of services.

1.1.6 Sampling of billing data to assess metropolitan/non-metropolitan local call relativities

Telstra had previously established general ledger revenue and discount accounts, and demand measures in its management information systems, which allowed local call average prices to be derived directly for metropolitan and non-metropolitan areas.

However, Telstra has this year altered its record-keeping systems following an internal reorganisation of the Telstra Countrywide business unit so that those records can no longer be used, necessitating the sampling of call records.

While sampling is permitted under the price control arrangements, the 2002–03 metropolitan local call yields that Telstra reports are above the average yields reported for 2002–03[5] implying that non-metropolitan local call prices were in fact cheaper than in metropolitan areas during that year. This is contrary to the regulatory premise on which the price control arrangements were based.

1.1.7 Non-supply of volume data in respect of discounted line rentals offered to schools

Telstra is required by the price control arrangements to supply volume data in respect of the discounted line rentals offered to schools.[6] This requirement better allows the ACCC to assess whether and to what extent Telstra is in fact offering discounted line rentals to schools as it is required to do.

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4 Telstra Corporation Limited, *03/04 Third Quarter Market Update*, 21 April 2004.

5 The reported 2002–03 local call service wide yield was $0.1606 per call and the reported 2002–03 local call metropolitan segment yields are $0.1661 per call for business customers and $0.1689 for residential customers.

6 The requirement is contained in the methodology that the ACCC issued to Telstra—the requirement to comply with ACCC specified reporting obligations is contained in the minister's price control instrument.

While Telstra has been able to supply data concerning line rentals charged at BusinessLine Non-Profit Organisation rates—and which would indicate the maximum number of discounted line rentals that may have been supplied to schools pursuant to this arrangement—Telstra has been unable to advise the number of this type of line rentals supplied to schools.[7] As such, the ACCC is unable to express an opinion concerning the extent to which Telstra has offered discounted line rentals to schools.

1.2 Summary of the price control arrangements

In summary, the central framework of the price control arrangements comprises price caps that apply to three separate baskets of services as discussed below.

The first basket of services consists of local calls, trunk calls and international calls. The second basket contains line rentals and the third basket comprises connection services.

The first basket is subject to a price cap of CPI – 4.5 per cent. This means that Telstra is entitled to change the individual prices of the services within the price cap as it wishes, but the aggregate price of all services in the basket has to decline by 4.5 per cent annually in real terms (that is, net of inflation). If, for example, the consumer price index (CPI) increases by 3.0 per cent, the nominal price of the basket has to decline by 1.5 per cent.

The second basket, comprising line rentals, is subject to a price cap of CPI + 4.0 per cent. That is, any increase in average line rental charges in excess of the CPI will have to be limited to 4.0 per cent. For example, if CPI increases by 3.0 per cent, Telstra is entitled to increase line rentals by 7.0 per cent.

The third basket, comprising connection services, is subject to a price cap of CPI – 0 per cent. This means that the overall revenue-weighted price for these services must not rise in real terms in 2003–04.

The determination provides that each price cap is an independent price cap and is not subject to any overall price cap. That is, price movements for each basket will be reported separately and are not required to be averaged to an overall price movement for all services.

That said, the determination specifies that price caps for each basket are to vary by the unexercised amount of the price cap for the prior year.

The determination also specifies a number of other price controls that apply to a range of services:

- The revenue-weighted average untimed local call price for residential and charity customers in non-metropolitan Australia in the 2003–04 financial year is not to exceed the revenue-weighted average untimed local call price for residential and charity customers in metropolitan Australia in the 2002–03 financial year by more than 0.4 per cent.

7 In addition to government and non-government schools, pre-schools, kindergartens, child-care centres, and sporting, social, cultural and community clubs and groups that are operated substantially by their members, players or their parents are eligible to receive line rentals charged at BusinessLine Non-Profit Organisation rates.

- The revenue-weighted average untimed local call price for business customers in non-metropolitan Australia in the 2003–04 financial year is not to exceed the revenue-weighted average untimed local call price for business customers in metropolitan Australia in the 2002–03 financial year by more than 0.4 per cent.
- The price for untimed local calls is not to increase above 22 cents for calls made from a residential or business phone, and 40 cents for calls made from a public phone, except in the case of discount plans when a customer may be required to pay more than 22 cents per local call.
- Line rentals charged at residential rates must not be increased without prior consultation with the ACCC and it being satisfied that Telstra has complied with clause 22 of the Carrier Licence Conditions (Telstra Corporation Limited) Declaration 1997. This licence condition relates to Telstra providing and marketing arrangements for low income consumers, and includes a requirement for Telstra to consult with the Low Income Measures Assessment Committee (LIMAC).[8]
- Telstra must notify the minister in advance if it intends to alter charges for directory assistance services, with the minister able to disallow the proposed changes if they are considered not to be in the public interest.
- Telstra must offer a line rental service to schools at a price at or below the standard line rental offered to residential customers.

Telstra is required to report to the ACCC in relation to its compliance with the price control arrangements within three months after the end of the financial year.

8 The LIMAC comprises representatives of welfare organisations agreed to by the minister and is responsible for reporting annually to the minister on the effectiveness of the low income package and its marketing by Telstra, and assessing proposed changes to the package or Telstra's marketing plan for the package.

2. Methodology for determining revenue-weighted price movements

Under subclause 10(2) of the determination, price movements are to be calculated according to a methodology the ACCC establishes in consultation with Telstra. Following consultations, the *Methodology for administration of the Telstra carrier charges price control arrangements* was established for the period from July 2002 to June 2005. The methodology for 2003–04 is the same as that which applied for the preceding financial year.

The methodology defines the price movement for a component service within a basket of services as a percentage change between the following:

- yield calculated from post-discounted revenue and usage (demand) for the price cap year, and
- yield calculated from post-discounted revenue and demand for the financial year immediately preceding the price cap year.

The methodology provides a robust and transparent method for measuring price movements for a single service, which can be aggregated with price movements of other services in the basket using revenue weights of the component services. The price movement for each component service in a basket is weighted by post-discounted revenue.

2.1 Use of GL revenue data and MIS demand data

The methodology requires Telstra to calculate yield on the basis of revenue data from its general ledger (GL) and demand data from its management information system (MIS).

However, in respect of untimed local calls supplied in metropolitan areas, or in respect of untimed local calls supplied to residential/charity customers or to business customers in metropolitan areas, if revenue data cannot be obtained from Telstra's GL or number of calls data obtained from Telstra's MIS, then this data can be obtained from a sample drawn from Telstra's billing systems. The size and structure of the sample must represent demand patterns and conform to statistical principles.

2.2 Carry-in and carry-over credits

The methodology provides that the price cap for relevant baskets of services in 2003–04 will vary by the unexercised (carry-in) amount of the price cap for 2002–03.

2.3 Value claim

The determination provides that the ACCC may determine that the price charged for a service should be taken to have increased or decreased as compared to the price actually charged where there has been an alteration in the quality of service or in the provision of service. For example, an increase in value due to an increase in service quality may be taken by the ACCC as a decrease in the price charged.

3. Auditing of Telstra's price control report

Audit process and requirements

The methodology requires Telstra to provide a final, independently audited report to the ACCC providing full details of its compliance with the price cap requirements, within three months after the end of the price cap period.

The objectives (as set out in the audit guidelines in Attachment B of the methodology) of the audit are to determine whether:

- Telstra has complied with the price cap requirements as specified in the determination and the methodology
- Telstra has complied with the procedural requirements that are specified in the determination and methodology
- Telstra has exercised consistency in applying the methodology specifications to its data capture systems, and
- Telstra has in place internal procedures and information management systems that allow it to efficiently monitor and report on its compliance with its obligations under the determination and the methodology, including any change to these procedures or systems that may have a material effect on its monitoring and reporting.

The methodology provides that the independent auditor is to be appointed by the ACCC, so that it may be directly involved in establishing the plan and approach to the conduct of the audit as well as having direct access to the auditor's independent advice. In consultation with Telstra, Graeme Lavelle of HLB Mann Judd was appointed as auditor for the 2003–04 price control compliance report.

Audit opinion

The auditor is of the opinion that Telstra has complied with its obligations under the price control arrangements.

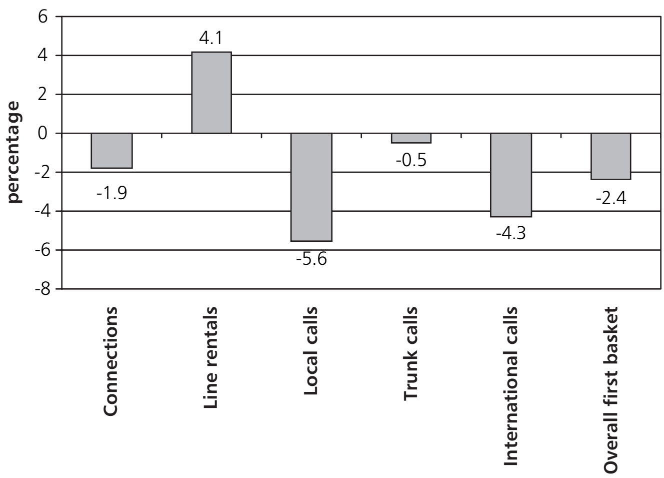
4. Telstra's compliance with the price control arrangements in 2003–04

4.1 An overview of the revenue-weighted price movements for Telstra's services

Figure 1 shows the size of the revenue-weighted price movements for each of the Telstra services that are subject to price caps.

In 2003–04 the overall revenue-weighted price for the first basket declined by 2.4 per cent compared to a 4.1 per cent increase for the second basket and a 1.9 per cent decline for the third basket. Price movements for individual services within the first basket were a 5.6 per cent decline for local calls, a 0.5 per cent decline for trunk calls and a 4.3 per cent decline for international calls.

Figure 1 Telstra's revenue-weighted price movements in 2003–04



4.2 Telstra's compliance with the price cap for the first basket

4.2.1 Cap on price movement

The determination provides that the revenue-weighted price movement of the first basket (containing local calls, trunk calls and international calls) must not exceed CPI – 4.5 per cent.

In 2002–03 the CPI increase was 3.1 per cent.[9] As a result, Telstra would have been required to reduce its overall revenue-weighted prices by 1.4 per cent (3.1 per cent – 4.5 per cent) in the 2003–04 financial year. However, a carry-over of 7.0 per cent was available from the previous financial year. Consequently, Telstra could increase the weighted-average price for the first basket by 5.6 per cent without exceeding the price cap.

4.2.2 Reported price movement

As indicated in table 1 the weighted-average price of services within the first basket has actually decreased by 2.4 per cent. Accordingly, Telstra could have charged a weighted-average price for the first basket that was 8.0 per cent greater than it actually charged and met this price cap. This will form the carry-over credit Telstra can take forward for the first basket in 2004–05.

Table 1 Telstra's compliance with the price cap for the first basket

Service	Price movements (%)	Revenue weights	Weighted price movement (%)
Local calls	–5.60	0.308	–1.70
Trunk calls	–0.50	0.620	–0.30
International calls	–4.30	0.072	–0.30
First basket average		**1.000**	**–2.40**
CPI			+3.10
CPI–X			–1.40
Carry-in from 2001–02			+7.00
Carry-over to 2003–04			**+8.00**

The largest contribution to the decrease in the price of the first basket for 2003–04 was made by local call services. The price of local call services fell by 5.6 per cent, which contributed to a decrease of 1.7 per cent in the overall first basket price in 2003–04. The price of trunk calls has decreased by one half of one per cent during the year.

9 The CPI, expressed as a percentage, for the financial year immediately preceding the price cap year, represents the aggregate price movement in the all-groups basket for the weighted average of the eight Australian capital cities, as published by the Australian Bureau of Statistics.

The decrease in the price of international calls by 4.3 per cent, although significant in size, contributed only three tenths of one percentage point to the total fall in the overall first basket price because of its relatively lower importance in the basket.

Telstra could increase the weighted average price for the services within the first basket in future price cap years without exceeding the price cap, given a significant carry-in credit to 2003–04. The opportunity to increase the price for any particular service within the first basket would also depend on changes in prices charged for the other services within the basket.

4.3 Telstra's compliance with the price cap for the second basket

4.3.1 Cap on price movement

The second basket comprises line rentals. The price movement for line rentals must not exceed CPI + 4.0 per cent, although this can be adjusted to reflect carry-in credit and deemed price reductions as a consequence of an improvement in quality. As noted previously, the CPI applicable to the 2003–04 reporting period was 3.1 per cent. As a result of the 2002–03 carry-over credit, Telstra could have increased the weighted-average price of line rentals in 2003–04 by 6.8 per cent without breaching the applicable price control arrangement.

4.3.2 Deemed price reduction for quality improvement

Telstra claimed that the value of its line rental service had increased in 2003–04 as a result of its introduction of Telstra Home Messages 101 (THM101) and Talking Text (TT). Telstra withdrew these claims after the ACCC had assessed them and indicated that it would not deem a price reduction in respect of them.

The ACCC considered that deeming a price reduction in respect of the claims would be contrary to the promotion of the long term interest of end-users (LTIE). This was because the incremental costs that had been incurred had already been recovered from incremental revenues, e.g. as a result of the additional call connections that are made when calls are diverted to THM101 message boxes. The ACCC was also of the view that the TT service was not properly referable to a price-capped service.

4.3.3 Reported price movement

Telstra's compliance with the second basket is summarised in table 2. As indicated in that table, the weighted-average price has increased by 4.1 per cent. Accordingly, Telstra could have charged a weighted-average price for the first basket that was 2.7 per cent greater than it actually charged and met this price cap. This will form the carry-over credit Telstra can take forward for the first basket in 2004–05.

Table 2 Telstra's compliance with the price cap for the second basket

Service	Price movements (%)	Revenue weights	Weighted price movement (%)
Line rentals	+4.1	1.000	+4.1
Value claim for quality	—	—	—
Overall	**+1.0**	**1.000**	**+4.1**
CPI			+3.1
CPI–X			+7.1
Carry-in			+2.7
Adjustment agreed between Telstra and ACCC			–3.0
Carry-over to 2004–05			+2.7

4.4 Telstra's compliance with the price cap for the third basket

4.4.1 Cap on price movement

The third basket comprises connections. The overall revenue-weighted price movement for this service (comprising new and in-place connections) must not exceed CPI – 0 per cent.

The CPI applicable to the 2003–04 reporting period was 3.1 per cent and a carry-over of 7.5 per cent was available from the previous financial year. Consequently, Telstra could increase the weighted-average price for the third basket by 10.6 per cent (3.1 per cent – 0 per cent + 7.5 per cent) without breaching the applicable price control arrangement.

4.4.2 Reported price movement

Table 3 illustrates that the revenue-weighted price for connections decreased by 1.9 per cent. Accordingly, Telstra could have charged a weighted-average price for the third basket that was 12.5 per cent greater than it actually charged and met this price cap. This will form the carry-over credit Telstra can take forward for the third basket in 2004–05.

Table 3 Telstra's compliance with the price cap for the third basket

Service	Price movements (%)	Revenue weights	Weighted price movement (%)
New connections	–4.5	0.484	–2.20
In place connections	0.5	0.516	+0.30
Overall		**1.000**	**–1.90**
CPI			+3.10
CPI–X			+3.10
Carry-in from 2002–03			+7.50
Carry-over to 2004–05			**+12.5**

4.5 Telstra's compliance with the metropolitan/ non-metropolitan 'pricing parity'

The determination requires that price reductions in Telstra's untimed local calls in metropolitan areas flow on to prices charged for those calls in non-metropolitan areas. This price control arrangement is intended to ensure that price reductions that occur in geographic areas with greater competition become available to customers in areas where competition may not yet have developed.

In 2003–04 Telstra reports that it complied with these requirements, with the revenue-weighted average untimed local call prices for residential, charity and business customers in non-metropolitan areas not exceeding by 0.4 per cent the revenue-weighted average untimed local call prices for the respective customer segments in metropolitan areas in 2002–03. This is illustrated in table 4.

Table 4 Metropolitan/non-metropolitan pricing parity: untimed local calls

Market segment	Metropolitan average price 2002–03 ($)	Non-metropolitan average price 2003–04 ($)
Business	0.1660	0.1626
Residential/charity	0.1672	0.1666

4.6 Telstra's compliance with maximum prices for untimed local calls and calls in relation to extended zones

Subject to the exception discussed below, the determination requires Telstra charge a price of not more than 22 cents for each untimed local call (other than a local call made from a public payphone) and not more than 40 cents for each untimed local call made from a public payphone.

It also requires Telstra to charge for calls between customers within an extended zone and between a customer in an extended zone and a customer in an adjacent extended zone, and calls to the Bigpond internet service made from within an extended zone, at an untimed local call rate. Moreover, Telstra must not charge for preferential calls at a rate of more than 27.5 cents per 12 minute block of time (or part thereof).

The ACCC is satisfied that Telstra has adequately complied with the above obligations as described in table 5.

Table 5 Maximum prices for untimed local calls and calls in relation to extended zones

Call type	Maximum charged ($, including GST)
Extended zones—payphone local call	$0.40
Extended zone—local call not from payphone or 14(3) bundled products	$0.22
STD preferential call	Untimed local rate introduced
Extended zones—call to Telstra's Big Pond internet service	$0.22
Local calls—payphone	$0.40
Local calls—not from payphone or 14(3) bundled products	$0.22

4.7 Telstra's compliance with requirements to offer standard line rental for residential/charity customers and schools

Under clauses 14 and 15 of the determination, Telstra is required to offer a standard line rental for residential/charity customers and schools.

If Telstra supplies a residential/charity customer with line rental at a price below that charged for a standard line rental, Telstra is allowed to charge that customer for untimed local calls in excess of the maximum untimed local call price specified in the determination.

Telstra reports that it offered a line rental product for which schools were eligible and which was charged below the standard line rental for residential/charity customers.

The applicable line rental products reported by Telstra for each month are identified in table 6.

Table 6 Line rental prices for standard residential/charity, school and bundled products in 2003–04

Month	Standard product	School product	Higher local call bundled product
July	HomeLine Plus	BusinessLine Complete (Non-profit organisation)	HomeLine Budget, HomeLine Low Income Health Care Card (LIHCC)
August	HomeLine Plus	BusinessLine Complete (Non-profit organisation)	HomeLine Budget, HomeLine LIHCC
September	HomeLine Plus	BusinessLine Complete (Non-profit organisation)	HomeLine Budget, HomeLine LIHCC
October	HomeLine Plus	BusinessLine Complete (Non-profit organisation)	HomeLine Budget, HomeLine LIHCC
November	HomeLine Plus	BusinessLine Complete (Non-profit organisation)	HomeLine Budget, HomeLine LIHCC
December	HomeLine Plus	BusinessLine Complete (Non-profit organisation)	HomeLine Budget, HomeLine LIHCC
January	HomeLine Plus	BusinessLine Complete (Non-profit organisation)	HomeLine Budget, HomeLine LIHCC
February	HomeLine Plus	BusinessLine Complete (Non-profit organisation)	HomeLine Budget, HomeLine LIHCC
March	HomeLine Plus	BusinessLine Complete (Non-profit organisation)	HomeLine Budget, HomeLine LIHCC
April	HomeLine Plus	BusinessLine Complete (Non-profit organisation)	HomeLine Budget, HomeLine LIHCC
May	HomeLine Plus	BusinessLine Complete (Non-profit organisation)	HomeLine Budget, HomeLine LIHCC
June	HomeLine Plus	BusinessLine Complete (Non-profit organisation)	HomeLine Budget, HomeLine LIHCC

4.8 Telstra's compliance with the requirement to notify the ACCC of increases in line rental that is charged at residential rates

Under the determination, line rentals charged at residential rates must not be increased without prior consultation with the ACCC and it being satisfied that Telstra has complied with clause 22 of the Carrier Licence Conditions (Telstra Corporation Limited) Declaration 1997. The ACCC cannot refuse its consent to a proposed line rental increase on any other basis.

Clause 22 of the declaration requires Telstra to have in place measures intended to ensure that low income customers have affordable access to basic telephony services. Specifically, clause 22 of the declaration requires that Telstra must:

- have a low income package in place which has been endorsed by low income consumer advocacy groups and specified in writing to the Australian Communications Authority
- have a marketing plan in place for the package, approved by the LIMAC, and
- obtain and consider the LIMAC's views on proposed changes to the package.

The ACCC is satisfied that Telstra adequately complied with the above requirements in respect of the increases made in 2003–04 in line rental charged at residential rates.

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