



How the ACCC's review of transmission regulation affects you

March 2018

The ACCC helps to keep communication services competitive and the prices of communications services low by regulating some transmission services, which are also often referred to as backhaul services. This factsheet explains what transmission is, how regulating it has been important for you, and what the ACCC is doing about transmission services today.

The role of the ACCC

We are the national agency responsible for regulating access to wholesale telecommunications services for companies.

We can set wholesale prices for access to telecommunication infrastructure and equipment that internet providers such as iiNet and Optus use to provide you with telecommunications services. The aim of regulation is to make it easier for new companies to enter into those parts of the telecommunication markets which lack competition so that they can compete and provide telecommunications services for consumers. More competition in the market means more services and lower prices for consumers.

What is transmission and why does it matter to you?

Transmission services, also known as backhaul, are high capacity wholesale services that carry large volumes of voice, data and video traffic, and often over long distances. They are often used by telecommunications companies to carry the combined traffic of many separate services across long distances, as well as by large corporate customers with high volumes of traffic.

Transmission services are an important part of communication services. Every time you make a call with your phone or use the internet, you create communication

traffic. This communication traffic is 'carried' over transmission services in a telecommunications network so that your call can be connected and you can access videos, music, news, and other information over the internet.

What do we do about transmission?

We regulate transmission because in some areas there is only one provider of transmission services. Building transmission networks requires large investments and it makes sense to ensure that telecommunications companies can access existing networks at reasonable prices. This improves competition and means that phone and data services can be delivered at affordable prices to you.

The decision to regulate a service is called 'declaring' the service. Declaring transmission services means that some telecommunication companies which own infrastructure, such as Telstra, are required to provide transmission services to users of those services such as Optus and AAPT at competitive prices.

Regulating those transmission markets that are uncompetitive helps to ensure that services are not subject to monopoly pricing and that other companies can compete.

We only regulate where there is insufficient competition, which is generally outside of city centres and in regional areas.

Since we started regulating transmission in 1997, a number of companies have entered the market and telecommunication prices have come down as a result.

Regulation of transmission services

The regulated transmission service is called the Domestic Transmission Capacity Service. Over time we have gradually removed regulation of the Domestic Transmission Capacity Service from areas where we found effective competition. The current round of regulation will end in March 2019. We are now re-examining whether transmission services should still be regulated and if so, where it should be regulated.

On 5 March 2018, we began a public inquiry into whether the regulation of the Domestic Transmission Capacity Service should continue. We released a discussion paper which examines the issues that will help us decide whether to continue to regulate the service. We invite submissions from the public and industry to help us make a decision on where to regulate the Domestic Transmission Capacity Service.

If you would like any more information about the transmission inquiry it is available at the DTCS Declaration Review website.

The contact officer for the DTCS is Grahame O'Leary, Director, Transmission & Facilities Access, 02 9230 3832, grahame.oleary@acc.gov.au.

The types of issues we are looking to discuss are:

- changes in technology and the impact of new transmission products offered in the market,
- whether competition in transmission markets has changed since the last inquiry and, if so, the impact of these changes, and
- the impact of the national broadband network on the DTCS market.

Important notice

The information in this publication is for general guidance only. It does not constitute legal or other professional advice, and should not be relied on as a statement of the law in any jurisdiction. Because it is intended only as a general guide, it may contain generalisations. You should obtain professional advice if you have any specific concern.

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