

**ACCC INQUIRY INTO VARYING THE EXEMPTION PROVISIONS IN THE FINAL ACCESS
DETERMINATIONS FOR THE WLR, LCS AND PSTN OA SERVICES**

**SUBMISSION OF ACN PACIFIC PTY LIMITED
13 OCTOBER 2011**

Introduction

1. ACN Pacific Pty Limited (**ACN**) is a carriage service provider in Australia, providing fixed line voice and broadband, mobile voice and broadband, and voice-over-IP services to consumers by means of a direct selling model.
2. We are aware of the crucial importance of the exemption provisions in the Final Access Determinations for the WLR, LCS and PSTN OA services, and therefore desire to submit our views to the ACCC on this matter. As we have no dedicated regulatory policy or regulatory economics resources, our submission will take the form of brief comments on selected aspects of the Issues Paper. Notwithstanding the brevity of our submission, we stress that this is a crucially important matter for ACN and the industry as a whole.

Comments

3. In ACN's view, the maintenance of the exemption provisions has had and will continue to have a **material adverse impact on competition** in retail telecommunications markets and in particular on smaller service providers such as ACN (for the reasons set out below). In turn, this has had and will continue to **damage the long term interests of end-users**.
4. In ACN's view, the crucial questions asked by the ACCC in its Issues Paper are questions 6.17 and 6.21. We answer these questions in the table below.

	Question	Answer
6.17	How competitive are wholesale markets for resale products?	In ACN's experience, wholesale markets for resale products (in particular, WLR) are uncompetitive. Telstra is the only viable supplier in these markets.
6.21	How have the exemptions affected the prices ... received by retail consumers? Has the overall impact been positive or negative for end-users?	We believe that retail prices are higher than they otherwise would be if there were no exempt exchanges. There has been no discernible effect on product range or quality of service. As a result, the overall impact on end-users has been negative.

5. In summary, there is no viable alternative in the exempted exchange areas to the Telstra WLR service and it is highly unlikely (due to the imminent NBN deployment and other reasons) that any viable alternative will develop over time. We agree with and support the views of access seekers summarised on pages 39 and 40 of the Issues Paper.
6. As a result of the absence of a viable alternative, Telstra has demonstrated (in ACN's experience) that it can and will raise prices in exempt exchanges (relative to prices in non-exempt exchanges) without constraint. We agree with and support the views of access seekers summarised on page 38 of the Issues Paper.