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Tina Pigliardo
Communications Group
Australian Competition and Consumer commission
GPO Box 520J
Melbourne VIC 3001

Dear Ms Pigliardo

Re: Review of Telstra Price Control Arrangements - January 2010

ATUG wishes to make two points:

1) The Government has proposed significant reform to the telecommunications sector based on assessment that the market for fixed line services is not effectively competitive. ATUG agrees that the fixed line market is not as competitive as it would be with changed market structures to support different incentives and supports the direction of the reform. In this context the consumer protection delivered through the Price control regime should be maintained until the effect of the Telco Reform and the entry of NBN Co into the fixed services market can be assessed.

2) Fixed to mobile call retail prices do not reflect the mandated mobile termination reductions introduced from 1 July 2004, 21 cpm to 9 cpm. Telstra's most recent Half Year results suggest flow through to end-users is still not occurring. ATUG would like to see a sub-basket focused on fixed to mobile calls to ensure reductions mandated in the long-term interests of end users are in fact received by those end users. In ATUG's view at 9cpm the termination rate is well in excess of costs. ACCC Annual Reports on Prices Paid as at 1H 2008 show residential end users have received 6c reduction and business users .4cents reduction. The mandated reduction has been 12cpm.

Yours sincerely

A handwritten signature in black ink, appearing to read 'RSinclair', is positioned above the typed name of the sender.

Rosemary Sinclair
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