



Australian
Competition &
Consumer
Commission

A guide for consumers

WHAT YOU NEED TO KNOW ABOUT:

How competition in supplying landline telephone services benefits you

July 2013

Competition among telephone companies benefits you because greater competition leads to lower prices and greater choice. This ensures you can choose the type of service that best suits your needs. The ACCC sets rules that promote competition among companies supplying telephone services.



www.accc.gov.au

Telstra owns the network of copper wires that is currently used to carry most telephone calls around Australia. Our rules allow other telephone companies to buy telephone services provided on Telstra's network at reasonable prices and other conditions which they then resell as retail services to you. Our rules allow these telephone companies to compete with Telstra in supplying telephone services to consumers.

This factsheet is part of a series explaining how our regulation of the telecommunications industry works.

How do you benefit from the ACCC's rules?

Our main aim is to ensure that you have a choice of well-priced telephone services with the service features that you want. Competition is usually the best way to achieve this because companies that set their prices too high or don't offer the types of services that people want will often lose customers to competing companies.

By ensuring other telephone companies can supply services using Telstra's network, our rules allow more telephone companies to compete to offer you a good choice of telephone services.

Over the past decade, retail prices for telephone calls over Telstra's copper network have fallen by 17 per cent,

while prices of most other goods and services have increased. You can also buy a bundle or package that includes a home telephone line, telephone calls and broadband services. We have produced a factsheet that explains how companies can compete to supply broadband services.

Why does the ACCC make these rules?

Our rules mean that Telstra is required to offer two services to other telephone companies at reasonable prices. These services are Wholesale Line Rental (WLR) service and the Local Carriage Service (LCS).

The WLR service makes your telephone ready to use for telephone calls but does not include the calls you make. This allows telephone companies to provide you with an active telephone line to you so your home or office telephone can be used to make and receive calls.

The LCS is the service that allows you to use your home or business telephone to call people in your local area. Telstra also sells other services that allow you to make long distance and international calls; we have prepared a factsheet on these services.

We were concerned that if we didn't set rules for the WLR and LCS services, Telstra might not sell these services at reasonable

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prices. Or it might place unreasonable conditions on telephone companies wanting to buy these services. If either of these things happened, other companies would have found it difficult to compete with Telstra for your business.

With less competition from other companies, Telstra would be able to charge higher prices for providing telephone services to you and other consumers. While this would benefit Telstra, it would not benefit you.

We set the prices and other conditions for sharing the use of Telstra's network where Telstra and its competitors can't agree on what's fair. We set prices that allow Telstra to recover its costs of sharing its network and make a reasonable commercial profit. We do not set retail prices or specific conditions included in the retail telephone and broadband plans offered by telephone companies.

How do companies provide telephone services to you using Telstra's copper wires?

Telstra owns and operates the network of copper wires that is currently used to carry most home and business telephone calls within Australia. You have a choice of buying home telephone services from a large number of competing telephone companies, most of which use Telstra's copper network. There are two ways Telstra's competitors can supply telephone services using Telstra's copper network.

- They can buy wholesale line rental (WLR) and telephone call services (LCS) from Telstra. These companies can then sell retail services to you.

Or

- They can supply retail telephone services using Telstra's copper wires and their own equipment. We have prepared a factsheet that explains the ACCC's rules for telephone companies that use Telstra's copper wire and their own equipment.

In both cases, Telstra's competitors are able to supply a range of retail services to you. These include customer assistance (such as call centres), billing and accounts departments, marketing and information about their products.

For more information

The ACCC has published [factsheets](#) about other telecommunications services that the ACCC makes rules about. Details about the rules regarding the prices that Telstra can charge telephone companies that use its network and other supply conditions set by the ACCC are in our [2011 decision report](#).

The ACCC is currently considering whether it should continue to set rules for the WLR service and LCS. [Our discussion paper](#) gives you more information and lets you know how you can tell us what you think.

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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