



Macquarie
CORPORATE

20 August 2001

Mr. Doug Campbell
Director - Regulatory, Telecommunications
Australian Competition and Consumer Commission
GPO Box 520J
Melbourne VIC 3001

BY FAX: 9663 3699

Dear Mr. Campbell

GSM Pricing Principles

I refer to the Commission's letter of 15 August requesting submissions regarding the implementation of the pricing principles. MCT notes that the starting point for the wholesale glide path will be the lowest current access price paid for GSM termination and thenceforth the wholesale access price shall parallel the movements of retail prices.

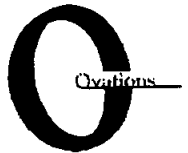
As previously submitted, MCT does not believe the pricing principles will provide a reasonable wholesale access price as wholesale access prices are presently only marginally below, if not the same as, retail GSM prices. There is no price competition in the wholesale market for fixed to mobile calls. For MCT this means that its fixed to mobile pricing in the retail market is no more than a "pull through" price of the wholesale price. The consequence of this is that competition at the retail level is essentially restricted to the three principal providers, that are also the wholesale access providers, none of which are motivated to reduce wholesale prices and increase competition.

Unless the Commission was to specify a more "cost based" pricing regime for GSM termination, pricing in the provision of retail fixed to mobile services will remain static and lock in wholesale pricing that has no correlation to the cost of providing the services.

MCT will therefore refrain from commenting on the pricing principles per se as the overarching methodology will not met the objectives of the legislation, being effective competition in the sector.

Yours sincerely

Damien O'Brien



INTERNATIONAL TELECOMMUNICATIONS
COMPANY OF THE YEAR - BUSINESS SERVICES



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