

11 September 2009

Public Policy and Communications

Mr Graeme Samuel, AO  
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Australian Competition and Consumer  
Commission  
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**By email**

Dear Mr Samuel 

### **Letter from Optus and Others to ACCC regarding Draft Indicative Prices**

I note that on 9 September 2009, Netspace Networks Pty Ltd, Macquarie Telecom, Optus, iiNet, Primus Telecom, Internode and TransACT Communications Pty Ltd (**Seven Carriers**) wrote to the Commission objecting to the gradual increase in ULL charges proposed in the *Draft Pricing Principles and Indicative Prices for LCS, WLR, PSTN OTA, ULLS and LSS (Consultation Paper)* released by the Commission on 21st August 2009 for consultation.

The letter provides a narrow view of the issues in the Consultation Paper and the Seven Carriers have selectively highlighted the one proposed price change that negatively affects them. As you will appreciate, the complete picture of the extent of the proposed price changes across the six fixed services set out in the Consultation Paper is somewhat different to that portrayed in their letter.

The Commission's indicative prices include:

- an unbundled local loop service price for regional towns at a level that is almost half of the current price level;
- a 60% fall in the broadband-only (line sharing service) wholesale price, effective this year;
- a 22% fall in the bundle price for wholesale local call service and line rental services in metropolitan areas over the proposed three year pricing period; and
- a 20% fall in average originating and terminating access prices over the proposed pricing period.

The ULLS price is the only service that the Commission proposes to increase and Telstra considers that gradual increase will still fall short of full cost recovery. I note the recently published OECD Telecommunications Outlook – international research benchmarking

telecommunication access prices. The OECD found that current regulated prices in Australia are amongst the lowest in the world for the unbundled local loop service and line sharing service. This is anomalous, given that among OECD members Australia has the equal lowest population density, one of the most uneven and dispersed population distributions, and the equal highest proportion of access lines in very low density areas.

Telstra will elaborate its position in its response to the Consultation Paper.

Yours sincerely .

A handwritten signature in black ink, appearing to read 'D. Quilty', with a large, sweeping flourish extending downwards and to the right.

David Quilty  
Group Managing Director  
Public Policy and Communications