

18 July 2006

Mr Andrew Deitz
Australian Competition and Consumer Commission
GPO Box 520J
MELBOURNE VIC 3000

By email: Andrew.deitz@accc.gov.au

Dear Mr Deitz

RESPONSE TO THE ACCC's DRAFT DECISION ON TELSTRA'S ULLS MONTHLY CHARGE UNDERTAKING

Thank you for the opportunity to comment on the ACCC's draft decision regarding its '*Assessment of Telstra's ULLS monthly charge undertaking*' released in June 2006. As noted in our earlier submission to the ACCC's January 2006 Discussion Paper on this matter, AUSTAR's views are primarily directed to Telstra's price averaging proposal and comments on the ACCC's draft decision are accordingly in relation to Appendix C. '*Averaged ULLS charges*'.

In this regard, AUSTAR supports the ACCC's views that averaged ULLS charges are not in the long-term interests of end users.

As we stated in our earlier submission, averaging is likely to adversely affect infrastructure based competition by reducing the incentives for the deployment of alternative technologies in regional areas.

In regional Australia, an alternative network such as wireless broadband can provide a more efficient delivery mechanism, with the potential to reach many more prospective customers than ULLS, due to the distance constraints on DSL over copper services.

To the extent that artificially (through averaging) low charges for ULL services in regional areas stimulates provision of some DSL based services, some localised competition may emerge. However, this is potentially at the expense of development of viable, longer term alternative infrastructure in those and other regional areas, leading to the lower provision of broadband services for regional and rural consumers.

It is our view that fair prices for wholesale should be cost-reflective to the extent commercially possible and this will not be achieved through fully averaged prices.

We would welcome the opportunity to discuss our views with you further.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Deanne Weir". The signature is fluid and cursive, written over a white background.

Deanne Weir
Group Director Corporate Development and Legal Affairs