



Senator the Hon Helen Coonan

**Minister for Communications,
Information Technology and the Arts**

Deputy Leader of the Government in the Senate

Media Release

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Wholesale access prices for ULL and retail pricing parity

The Government today considered the issue of retail pricing parity and the Australian Competition and Consumer Commission (ACCC) setting wholesale access prices for the unconditioned local loop (ULL).

The Government has decided to make explicit Telstra's retail pricing parity obligations, and, in light of this, will now seek further information from the ACCC about the impact of this policy on its wholesale ULL pricing decisions. On the basis of this advice the Government will determine whether any further action is required to ensure Telstra is able to fulfil its pricing parity requirements.

The ULL was declared as a regulated service by the ACCC in 1999 to encourage competition by enabling Telstra's competitors to connect their own equipment to Telstra's copper phone lines. The ACCC determines the price of access for Telstra's competitors to all regulated services by either accepting or rejecting an undertaking given to it by Telstra or by arbitrating individual access disputes.

The ACCC is currently finalising a decision on whether to accept or reject an undertaking from Telstra for ULL prices. However, while this process has been underway, Telstra has separately sought Government intervention to direct the ACCC on how ULL prices should be determined.

In light of the Government's policy of retail price parity in regional areas, the ACCC will be asked to report to Government on whether its current approach to ULL pricing sufficiently takes into account Telstra's capacity to maintain average retail prices consistent with the Government's policy on retail pricing parity, prior to finalising its decision on access pricing. The ACCC will report to Government as soon as possible.

The ACCC will also be required to ensure that its ULL pricing decisions enable the maintenance of retail pricing parity while not placing an unreasonable burden on any industry player and to report to the Government on how this will be achieved. The Government will ask the ACCC to monitor and advise of any adverse impact on Telstra's ability to deliver on the Government's commitment to retail price parity for Australians and to come up with strategies to address any problems identified.

To ensure ongoing price parity, the Government will also make more explicit Telstra's price parity obligation by including in the price controls a requirement that Telstra offer a basic line rental product at the same price across the country. This requirement will ensure that parity is maintained without compromising Telstra's capacity to introduce new pricing packages or to respond to competition.

The Government has committed to pricing parity for phone services, including line rental services, for Australians living in rural, regional and remote Australia and has also committed to equitable access to broadband services across the country.