



19 June 2015

Mr Robert Wright
General Manager
Water and Wireline Markets
Australian Competition and Consumer Commission
GPO Box 520
Melbourne VICTORIA 3000

Dear Robert

Thank you for your letter of 3 June 2015 requesting information in relation to alternatives to copper resale services in CBS areas.

Optus notes that this issue was discussed in length during the Fixed Line Declaration Inquiry, where the ACCC found removing the exemption would promote the long term interest of end-users. Optus agrees with the ACCC's conclusion in the Declaration Inquiry, and there has been no material change in industry factors that would warrant a change of position one year into the regulatory period.

It would appear that Telstra is attempting to re-open an issue which was decided upon in the 2014 Declaration Inquiry. The simple issue is that Telstra imposed wholesale line rental charges around 39% above the regulated price when CBD areas were exempt.¹ If there was effective competition in CBD areas, Telstra would not have been able to do so. The ACCC should not be distracted from this simple fact by Telstra's latest argument.

There is no evidence before the ACCC that the 'commercial' CBD WLR rate would reflect the competitive price level absent the fixed line FAD.

Please find Optus' response to the specific questions in the Annexure. The Annexure is commercial-in-confidence.

Please do not hesitate to contact me if you have any questions.

Regards

Luke van Hooft
Manager Economic Regulation

¹ ACCC, 2014, Public Inquiry into the fixed line services declarations, Final Report, April, p.35