



26 February 2010

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Dear Mr Wright

Telstra response to ACCC pricing principles discussion paper

Telstra welcomes the ACCC discussion paper on the development of revised pricing principles for fixed lines services. I have pleasure in enclosing Telstra's response.

Telstra shares the ACCC's view that the development of new pricing principles offers the prospect of greater clarity in an area that has been the subject of long-standing dispute and uncertainty.

As noted in our response, however, any approach to regulatory pricing in the current Australian telecommunications market will be shaped by a number of issues that remain highly uncertain, such as the proposed transition to a new legislative framework, potential changes to Telstra's retail price controls and the commercial, technological and regulatory implications of the NBN (including the structure and scope of activities of NBN Co).

Telstra believes it is premature to comment in any detail about how these significant issues will develop or how they should ultimately be reflected in pricing principles. Where possible, Telstra has responded based on reasonable assumptions, such as that working on the basis that the "long term interests of end users" and "reasonableness" statutory tests will continue to provide the guiding objectives for the access and pricing regime (whether under the existing or any new legislative framework). In other cases, however, Telstra has simply flagged areas where these issues will need to be reflected by the ACCC in due course in any reasonable approach to pricing.

Telstra looks forward to ongoing dialogue with the ACCC as it seeks to develop appropriate pricing principles for fixed line services in this uncertain and dynamic environment.

Yours sincerely

Jane van Beelen
Acting Executive Director – Regulatory Affairs
Public Policy and Communications