



**Australian Government**  
**Department of Communications**

Ms Jane Goldwater  
Director  
Access Pricing and Financial Analysis  
Australian Competition and Consumer Commission

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**Submission to the ACCC inquiry into primary prices for fixed-line services**

Dear Ms Goldwater

I am writing to provide the Australian Competition and Consumer Commission (ACCC) with the Department of Communications' submission to the above inquiry. The submission supports the letter from the Minister for Communications and the Minister for Finance of 16 July 2014.

Some access seekers have argued in preliminary submissions that the ACCC should take into account NBN Co payments to Telstra when determining the prices for accessing Telstra's fixed line services. The Department's submission observes that it does not consider this approach appropriate and that any issues in this regard should be addressed by the ACCC by excluding assets or relevant costs associated with the NBN consistent with its Fixed Line Services Model and the fixed principles relating to that model as set out in the Final Access Determinations on the declared services.

The submission also argues that price stability in the period to the migration to the NBN is important, particularly in support of wider structural reform of the industry. It notes that ongoing renegotiations of the Definitive Agreements and uncertainty about actual rollout mean that some matters, for example, in relation to the timing of the disposal of assets and changes in demand, remain uncertain, complicating the setting of prices. .

It would support the renegotiations of the Definitive Agreements and the wider reform process if the ACCC could provide its guidance on the preferred treatment of payments by NBN Co to Telstra by 30 October 2014. It is also desirable for the ACCC to provide long term certainty in this area, for example, through a fixed principle.

Yours sincerely

Drew Clarke  
Secretary

3 October 2014