

Mr Nick Champion MP
Chair
House of Representatives
Standing Committee on Infrastructure
and Communications
PO Box 6021
Canberra ACT 2600

27 August 2012

Dear Mr Champion

I refer to your letter dated 15 August 2012 requesting Microsoft's further involvement in the Committee's inquiry into IT pricing. I draw your attention to the submission Microsoft made to the Committee on 6 July 2012, to its contribution to the submissions made by the Australian Information Industry Association (AIIA) and Australian Industry Group (AiG), and by way of the evidence provided at the public hearing on 30 July 2012 by AIIA Chief Executive Officer, Suzanne Campbell. We note that we were one of very few vendors to put in a direct submission to the inquiry.

Microsoft of course respects the role the Parliament has to play in informing itself about issues relevant to the Australian community. And, indeed, it is for that reason that we have, through our contributions to the inquiry to date, endeavored to be helpful in advising the Committee of the complex range of factors that contribute to pricing determinations in different markets that do in fact result in price differentials.

With regard to your request for further information, we welcome this opportunity to reiterate the very valid points made in the submission to the inquiry by the Government's own Treasury Department which we have attached as an appendix to this submission. In particular, as the Treasury Department observed there is a range of reasons for price differentials that are not unique to the IT industry including the many factors affecting supply and demand, that firms should be free to determine the prices of goods and services and that global markets are still developing. We support Treasury's view that competitive and flexible markets are best placed to ensure consumers benefit from the best innovation and prices.

In addition to underscoring these important points made by the Treasury Department, Microsoft reiterates the comments in our previous submission to the inquiry and in the AIIA submission, namely that the IT market in Australia is highly competitive, with a wide range of suppliers who operate a range of different business models. Consumers have the ability to choose products based on the attributes of

the products and services that matter most to them. Absolute cost on any given day may be one factor, as may be quality, security or customer service.

With respect to the specific information you have sought in your 15 August letter, we believe our contributions to the inquiry to date, both directly and through associations of which we are a member, and the submission by Treasury on market forces and competition law, provide the Committee with the information it requires as it relates to Microsoft, without detailing commercial in-confidence material that to reveal would put us at a competitive disadvantage in the market. We would encourage the committee to fully consider the full spectrum of companies which operate in this market and of the different business models that also impact pricing.

Microsoft is proud of the fact that it supports an ecosystem of over 13,000 Australian businesses through its partner channel. This ecosystem employs over 84,000 Australians, invests enormously in local innovation and provides outstanding customer support. If the Committee is interested in understanding more about how Microsoft supports local businesses and the important role our partners play in local innovation, we would welcome you to attend the Australian Partner Conference to be held in Brisbane from 4 – 6 September.

Yours sincerely,

Pip Marlow
Managing Director

Attached: Submission into IT Pricing by the Treasury