

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 14 – 15 February 2007

Question: aet 2 (ACCC)
Topic: Special Access Undertakings
Hansard Page: Written

Senator CONROY asked:

1. Is the ACCC aware that the communications sector has had the worst investment record of any sector of the Australian economy according to the Bureau of Statistics in the three years to 2004-05 (ABS Cat No. 5204, Australian System of National Accounts, 2004-05, Table 64)?
 - a. What is the ACCC's explanation for this situation?
 - b. Does the ACCC believe that the current telecommunications regulatory environment has contributed to this situation?
2. Does the Commission accept any responsibility for the fact that no Special Access Undertakings have ever been accepted?
 - a. It has now been 5 years since the SAU regime was changed with the intent of being more investor friendly, doesn't the fact that despite this change there has still been no SAU's accepted imply that the Commission is not assisting investment to occur?

Answer:

1. An examination of ABS industry-wide investment data (private and public) suggests that the average growth rate for telecommunications infrastructure investment is comparable to that in other sectors and the economy as a whole.¹

The Australian Bureau of Statistics (ABS) data referred to in the question relates only to *private* investment in the telecommunications sector, not the sector as a whole. This data does not include any investment made by Telstra, which at that time was classified as a public corporation.

The most recent ABS data on public investment in telecommunications shows that investment in telecommunications infrastructure is *increasing* over time. From June 2003 to June 2006, the average annual *public* capital formation growth in the communications industry was 22 per cent.²

2. Three possible special access undertakings have been discussed with the ACCC by industry members.

¹ ABS 2005, 5204.0 — *Australian System of National Accounts 2005-06*, Table 71: Capital stock by industry.

² ABS 2006, 5204.0 — *Australian System of National Accounts 2005-06*, Table 66: Public gross fixed capital formation by level of government and industry.

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- On 14 March 2007, the ACCC accepted Foxtel's special access undertaking in relation to its Digital Set Top Unit Service.
- A second possible SAU for a fibre-to-the-node proposal was discussed with Telstra in 2006. Telstra has discontinued those discussions.
- The ACCC is currently holding discussions with a group of carriers known as the G9 concerning a fibre-to-the-node proposal that could also involve the use of the SAU process under Part XIC.