

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates, 31 May to 2 June 2005

**Question: Bud 64**

**Topic: ACCC – Monitoring of Retail BigPond Customer Applications**

**Hansard Page: E66**

Senator Conroy asked:

Senator CONROY—I have a question that you can take on notice. The ACCC stated that it was engaging in the monitoring of retail BigPond customer applications as a percentage of total applications for broadband services during the period of the competition notice, and you also produced a graph summarising these figures in your report to the Senate. Could the ACCC provide the committee with the raw figures upon which this graph was created? I am asking for this information, Mr Samuel, because, while you like to say that Telstra's conduct had no impact on the structure of the market because Telstra lost market share over the period of the competition notice, it seems pretty plain from the graph in your Senate report that, during the period 20 March to 30 March 2004, Telstra's pricing was having an enormous impact, and it is further evidence that Telstra's pricing during the period was anticompetitive, from my perspective. Can you take that one on notice? Thanks

Answer:

The raw figures used to produce the graph provided by the ACCC in its 10 May 2005 *Report to the Senate on the decision not to take further enforcement action in relation to the Part A competition notice issued to Telstra Corporation Ltd on 19 March 2004* were provided by Telstra to the ACCC in confidence. Consequently, the ACCC is not in a position to provide this information.

These figures do not suggest that BigPond's market share increased by an appreciable extent during the period that the Competition Notice was in force. Whilst the increase in the proportion of applications to BigPond in March 2004, following the introduction of Telstra's new cable and ADSL broadband plans on 27 February 2004, may point to Telstra's conduct having an initial impact, this did not continue after the issue of statutory notices by the ACCC to Telstra.

The average share of Telstra BigPond applications as a percentage of total applications during the 12 months from February 2004 to February 2005 has been only 36.4 per cent. Prior to February 2004, BigPond's broadband market share was approximately 42 per cent. The data obtained by the ACCC suggests that during the period that the Competition Notice was in place, there was no significant long-term increase in Telstra's retail market share of new ADSL customers.