

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: bet 127

Topic: Telstra's Regulatory Reform

Hansard Page: Written

Senator Eggleston asked:

1. A passage from Telstra's regulatory reform submission to the Department of Broadband, Communications and the Digital Economy follows:

In relation to cost models put forward by both Telstra and the ACCC for regulated costs for the copper network, Telstra has proposed having the models undergo a rigorous, independent assessment and says it is willing to accept the decision that ensues;

Is this something the ACCC will entertain and wouldn't this provide a possible pathway for setting prices going forward on a fair and equitable basis?

Answer:

The ACCC does not consider it appropriate to participate in a comparative review of the Telstra Efficient Access (TEA) model and the Analysys Cost Model (ACM). This is because the ACCC is an independent regulatory body, with obligations under the *Trade Practices Act* (1974) and the *Telecommunications Act* (1997). The respective Objects of these provisions ensure that the ACCC considers the long term interests of end-users of telecommunications services, rather than the interests of a specific carrier. Furthermore the ACCC's decisions are subject to independent review by the Australian Competition Tribunal and the Federal Court.

Given the above, the ACCC does not consider that a comparative review would provide a possible pathway for setting prices going forward.