

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates

1 June – 3 June 2010

**Question: BET 261**

**Topic: Wholesale Prices**

**Hansard Page: Written**

**Senator LUDLAM asked:**

1. A recent ACCC press release (18 May 2010) indicates the ACCC's disquiet regarding reports of prospective wholesale price increases by Telstra. Has the ACCC been investigating these reports directly with Telstra?
2. Does the ACCC understand that increasing wholesale prices is indeed what Telstra is doing?
3. Does the ACCC have any direct mechanism to stop this?

**Answer:**

1. There were several media reports indicating that Telstra was seeking to increase prices for the wholesale supply of fixed-line telecommunications services in late April 2010. On 22 April 2010, Telstra advised the ACCC that media assertions of a Telstra price rise for wholesale services were not true.
2. As noted in answer to question 1, Telstra has denied that it is increasing its wholesale prices.
3. The ACCC has a variety of mechanisms available to it under Part XIC of the *Trade Practices Act 1974* (the TPA). The ACCC can facilitate and participate in a joint mediation of issues between parties negotiating commercial terms of access to services. Further, the ACCC is vested with powers to arbitrate telecommunications access disputes and make a binding final determination to resolve a dispute over price and non-price terms for a regulated (“declared”) service. To engage in arbitration, an access seeker and/or an access provider must notify the ACCC of an access dispute. The ACCC may arbitrate an access dispute only when:
  - a declared service is supplied or proposed to be supplied by a carrier or carriage service provider
  - one or more standard access obligations apply or will apply to the carrier or carriage provider regarding the declared service
  - an access seeker is unable to agree with the carrier or carriage service provider regarding the terms and conditions (including prices) under which the carrier or carriage service provider is to comply with the standard access obligations.

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In addition to its powers under Part XIC of the TPA, the ACCC can institute litigation against a telecommunications provider under Part XIB of the TPA if it is of the belief that the party's conduct is anti-competitive.

Two access seekers have expressed concerns to the ACCC at wholesale price negotiations with Telstra since late April 2010. The ACCC has advised those access seekers of the remedies available under the TPA. At this point in time the access seekers have not requested the ACCC to take any further action.