

Questions on notice for DCITA

- 1. What were the key principles behind the Communications Fund and the associated Connect Australia package? And what are some of the possible shortcomings of the alternative Telstra proposal?**

The key principles are:

- promoting equitable access to key services;
- promoting competitive supply of services;
- technology neutrality;
- leveraging maximum private sector investment; and
- effective targeting of funding to areas of need.

Shortcoming of the Telstra proposal are:

- significant winding back of the competition regime;
- an effective access holiday for the new network;
- no commitment to pricing;
- effectively locking the Government into Telstra's technology choices;
- risk of further increasing Telstra's dominance;
- funding based on a significant Government contribution; and
- no leveraging of private sector investment.

- 2. AAPT gave evidence that he believed any new services introduced after the designated service list is issues would not be included in the Operational Separation regime? Is this correct? How would this be dealt with?**

This is incorrect. The Minister will have the ability to include declared services as designated services at any time. Any other services could be designated with the consent of Telstra.

There may be incentives for Telstra to consent to particular services being designated rather than having them declared.

3. AAPT also said that it would probably make it harder to run the access regime? Could you comment on that?

The operational separation regime does not change the operation of the access regime. It does not duplicate any of its functions and it does not remove any of its powers.

4. AAPT also said it was impractical to get new services on the designated services list because the process is difficult. Would the Department agree?

No.

5. A number of witnesses have made claims about the ACCC in the operational separation regime. Could the ACCC's role be described as a minor role? Could you outline what DCITA sees the ACCC's role as? Is the enforcement process too slow or unwieldy?

The ACCC will have a major role in monitoring, evaluating and enforcing the operational separation regime. The ACCC will play a key role in developing the plan including the pricing equivalence framework. The enforcement process is not unwieldy and is appropriate for the nature of the operational separation arrangements.

6. There were some comments made earlier suggesting that the Minister's role in approving the Operational Separation was unprecedented. Does the Minister for Communications have a role in approving other regimes, such as the price control regime? And was this framework, giving the Minister the final

say over price controls, introduced by this Government or the previous Government?

The Minister's role is not unprecedented. The Minister does determine the price control arrangements.

Yes. Price control arrangements giving Ministerial powers were introduced by the previous Government.