

Telstra's response to the following Question on Notice is below.

Given Telstra's evidence implied that it was burdened by particularly harsh regulation by international standards, could Telstra explain why it is that a submission to the Canadian Government prepared for Bell Canada and co-authored by one of Telstra's advisers, suggested that Australia's regulatory environment is relatively light handed?

As Telstra did not commission the document referred to in the question, it would be more appropriate for the Committee to approach the authors for clarification.

However, to put the statement in the question in context, Telstra draws the Committee's attention to the letter below which appeared in the Australian Financial Review on 26 August 2005.

David Havyatt's "Transparent policy for telcos a must" (Letters, August 25) uses a quote from a paper I jointly authored with Leonard Waverman on *Would Canada benefit from Australian regulation?* to infer that I view the Australian telecommunications industry as well regulated. Havyatt has chosen to mislead your readers.

In effect, what he does not say is that Canada has one of the world's most heavy-handed telecommunications regulatory regimes. Waverman and I find that compared with such a regime, the Australian system is indeed far less intrusive and more efficient, and generally produces better outcomes (though not so in broadband, which the Australian Competition and Consumer Commission chooses to regulate but its Canadian equivalent does not). That is hardly a ringing endorsement of Australia's regulatory arrangements.

Havyatt has also chosen not to tell your readers that in another paper submitted to the same Canadian government inquiry, Frank Mathewson and I identify the features that make for efficient telecommunications regulation and that correspond to best practice regulation internationally. Compared with those features, the Australian arrangements are notably deficient.

The Canadian arrangements are, of course, even worse - and in many respects markedly so. But it would be foolish indeed to rely on that standard to refuse to learn from the trend of public policy world-wide, as Havyatt would have us do.

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