

## **Category – Liaison to enter**

### **NBN AND COMPETITION IMPACTS**

#### **THE GOVERNMENT IS COMMITTED TO STRUCTURAL REFORM OF THE AUSTRALIAN TELECOMMUNICATIONS SECTOR**

- The roll-out of the National Broadband Network (NBN) as a wholesale-only, open access network will fundamentally transform the competitive dynamics of the Australian telecommunications sector. The Implementation Study found that the NBN, operating on these terms, should improve retail competition.
  - The proposed NBN arrangements will allow for competition to take place at the retail service provider level.

#### **TELSTRA'S HIGH LEVEL OF VERTICAL AND HORIZONTAL INTEGRATION, AS WELL AS ITS INCUMBENT STATUS, HAVE ALLOWED IT TO MAINTAIN A HIGH DEGREE OF DOMINANCE IN THE TELECOMMUNICATIONS SECTOR IN AUSTRALIA**

- Competition has driven investment in next-generation, superfast broadband networks overseas. This level of competition between networks does not exist in Australia, with Telstra being one of the most integrated telecommunication companies in the world.
- This historic microeconomic reform will ensure Australia finally has a genuinely competitive telecommunications industry which works for all Australian households and businesses, and helps to drive long-term productivity growth in our economy.
- Through the migration of Telstra customers to the NBN, Australia will benefit significantly from a national wholesale-only broadband network, delivering structural separation of Telstra.

#### **THE TELECOMMUNICATIONS LEGISLATION AMENDMENT (COMPETITION AND CONSUMER SAFEGUARDS) BILL 2010 CONTAINS A PACKAGE OF LEGISLATIVE REFORMS AIMED AT ENHANCING COMPETITIVE OUTCOMES IN THE AUSTRALIAN TELECOMMUNICATIONS INDUSTRY**

- Specifically, the Bill sets up a procedural framework that enables a transformation of the structure of the telecommunications sector.
  - The Bill provides a number of incentives to encourage Telstra to structurally separate.
  - If Telstra does not structurally separate, the Bill provides for the imposition of functional separation.
- I strongly urge Telstra to give this Bill its clear and unambiguous public support.

## **OPPOSITION POLICY**

- On 27 October 2010, the Hon Malcolm Turnbull put out a press release stating that the Coalition would support the CCS Bill subject to amendments. He indicated that the proposed amendments would:
  - “Ensure the Competition & Consumer Act (formerly the Trade Practices Act), the nation’s key law protecting the interests of consumers, applies to the proposed \$11 billion NBN Co/Telstra deal. It is crucial that the interests of Australian taxpayers and consumers – not the economic interests of the NBN Co or indeed Telstra– be placed foremost in this deal.
  - Ensure the Parliament is able to disallow Ministerial directions to the ACCC regarding the NBN Co/Telstra deal.
  - Remove ‘gun at the head’ provisions of the bill which threaten Telstra with losing access to next-generation wireless spectrum, or being forced to sell its HFC pay television cables or 50 per cent interest in Foxtel, if it does not structurally separate in a way acceptable to the Government.
  - Restore merit reviews and procedural fairness to the ACCC’s enforcement of the new access pricing regime.”

## **BACKGROUND FACTS**

- The Minister for Broadband, Communications and the Digital Economy, Senator the Hon Stephen Conroy, reintroduced the CCS Bill into Parliament on 20 October 2010.
  - Passage of the Bill in February 2011 is essential to enable Telstra to sign the Definitive Agreements.
- The Implementation Study found that retail competition should be improved through mandating NBN Co’s wholesale-only, open-access role and by ensuring NBN Co eliminates network bottlenecks and operates at the lowest appropriate layer in the Open Systems Interconnection (OSI) stack.