

FIXED LINE SERVICES COME UNDER THE MICROSCOPE

An ACCC review of Australia's fixed telecommunication networks has sparked a strong response from leading industry players, keen to have their say on the future regulation of services.



The ACCC is required to conduct a review of the network services it regulates at least once every five years. It uses the review opportunity to see what effect future technology and network developments will have on competition among Australia's telecommunications providers and the need for regulation in the future.



Telstra has raised the possibility of building a \$3 billion fibre optic network which would link up millions of households in major centres currently relying on the existing copper network.



Improvements to wireless services such as next generation mobile phone systems and wireless broadband are also emerging as potential new opportunities for phone and data service customers previously limited to Telstra's copper network.

Submissions to the review closed in late February. Eight groups, including Telstra, Vodafone, Optus, the Competitive Carriers' Coalition and the Australian Telecommunications Users Group, raised several issues.

Among the key points argued is the need to identify areas of competition bottlenecks and the amount of regulation required in those areas of the market where new entrants have built their own infrastructure to allow them to compete with the Telstra-owned networks.

The review is also examining on-going concerns about the price infrastructure owners should be allowed to charge other competitors to use their phone lines to reach customers.

One of the key challenges for the ACCC will be determining whether future network competition, would justify a withdrawal of regulation. Even if regulation is still justified, the ACCC will have to decide on which services will require further regulation for a further period beyond 2006 to meet the objectives of the regime—creating an environment that benefits consumers in the long term through healthy competition between telcos.

Submissions received are currently being reviewed and the ACCC expects to release a draft report before mid-year. The final report is due to be released later this year.

A copy of the review discussion paper and the submissions received are available at <http://www.accc.gov.au/content/index.phtml/itemId/719844>.