

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates 1 - 2 November 2006

Question: sbt 111 (ACCC)

Topic: Industry Reporting

Hansard Page: Written

Senator CONROY asked:

1. **How many periodic reports does the ACCC require from Industry?**
 - a. **Please provide details of these required reports.**
 - b. **How many exemptions from reporting obligations has the Commission granted?**
2. **How many of these reports are Telstra specific?**

Answer:

- 1.a The Australian Competition and Consumer Commission (the ACCC) requires the preparation of 11 periodic reports from industry. An additional report is prepared pursuant to the voluntary provision of data. The details of these reports are as follows:

ACCOUNTING SEPARATION REPORTS

In accordance with a direction issued by the Minister for Communications, Information Technology and the Arts on 19 June 2003, the ACCC prepares a series of current cost accounting, imputation testing and non-price terms and conditions reports as a result of the introduction of the enhanced accounting separation regime. Telstra reports quarterly for the imputation testing and non-price terms and conditions reports and twice a year for the current cost accounting report.

DIVISION 12 REPORTING

Under Part XIB, Division 12, paragraph 151CM(1)(a) of the *Trade Practices Act 1974* the ACCC is required to monitor and report each financial year on charges paid by consumers for telecommunications services. This report is prepared with information obtained under a record keeping rule from Telstra, Optus, AAPT, Primus, Hutchinson, Vodafone, Virgin Mobile MCI Worldcom and iiNet.

REGULATORY ACCOUNTING FRAMEWORK

The Regulatory Accounting Framework requires Telstra, Optus, Primus, Vodafone and AAPT to report to the Commission on the retail and wholesale components of their business. This assists with the enforcement of the competition provisions; arbitration of access disputes under Part XIC of the *Trade Practices Act 1974*; and potentially assisting with the declaration of a particular telecommunications service. An annual Market Indicator report is produced by the ACCC drawing on material provided under this framework.

RETAIL PRICE CONTROL COMPLIANCE

Under paragraph 151CM(1)(b) of the *Trade Practices Act 1974*, the ACCC must report to the Minister for Communications, Information Technology and the Arts on the adequacy of

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Telstra's compliance with the price control arrangements that apply to it. Telstra submits an annual compliance report upon which the ACCC produces an assessment of compliance annual report on the adequacy of Telstra's compliance with the price control arrangements that apply to it.

TARIFF FILING

Division 5 of Part XIB of the TPA requires Telstra to give the ACCC a written statement setting out any proposed pricing changes for basic carriage services seven days before the change occurs.

OTHER RECORD KEEPING RULES

Telecommunications Industry (Exchange Access)

This record keeping rule requires Telstra to provide weekly information to the ACCC on the quality of its conduct in providing exchange access to access seekers.

Unconditioned Local Loop Access (Service Delivery)

The reports made under this RKR require Telstra to provide weekly reports of information relating to timeliness of responses to requests for ULL services, including faults. The Commission negotiated the contents of the reports to be generated under the RKR with Telstra with a view to minimising the administrative burden that compliance would place on Telstra.

Telstra also supplies a short report on ADSL service delivery, which includes the number of ADSL applications Telstra received, how many were completed, the average time taken to complete the applications, and the number of applications rejected.

Bundled Telecommunication Services

The bundling record keeping rule requires Telstra to provide detailed information about the Rewards and HomeLine residential packages to the ACCC, to assist the ACCC in assessing the effects of bundling on competition in telecommunications markets.

Internet Interconnection

The internet interconnection record keeping rule aims to identify how interconnection of internet networks works in practice and what effects that has on the markets that rely on interconnection. Nineteen internet service providers are required to comply with the rule: Telstra, Optus, AAPT, MCI Worldcom Australia, Comindico Holdings, Macquarie Corporate Telecommunications, Primus, iiNet, Netspace Online Systems, PowerTel, Agile, Pacific Internet (Australia), TPG Internet, Asia Netcom Australia, PIPE Networks, Australian Academic Research Network, Webcentral, Fish Internet, Unwired and their relevant associated companies.

Broadband reporting

The ACCC produces a quarterly analysis of the take up of broadband connections. 9 carriers including Telstra provide information on a voluntary basis each quarter, not pursuant to a record keeping rule.

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1.b The ACCC has granted five exemptions:

Regulatory Accounting Framework:

- Optus was provided an exemption from reporting call attempt data for the 2004-05 and 2005-06 years on the basis that it would investigate ways to provide this data in future;
- Vodafone was provided with an exemption from providing separate accounts in relation to mobile number portability data.

Bundled Telecommunications Services:

- Telstra was provided with additional time in which to implement the record keeping rule.

Internet Interconnection

- Telstra and MCI Worldcom were granted exemptions in that the definition of 'an Internet interconnection service' was amended for these providers to relate to transmission links of a certain size.
2. The following reports are Telstra specific: Accounting Separation, Retail Price Control, Tariff Filing, Telecommunications Industry Record Keeping and Reporting Rules (Exchange Access), Unconditioned Local Loop Access (Service Delivery) and Bundled Telecommunication Service.