ACCC accuses Telstra

By Rhys Haynes
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Graeme Samuel resumes Telstra attack.
Picture:*Andrew Quilty*

The competition regulator has called on Telstra to sell its optical-fibre cable network and its shareholding in Foxtel, saying the company's dominance of the telecommunications market continues to retard effective competition.

Many aspects of the telecommunications market remained far from truly competitive, Australian Competition and Consumer Commission chairman Graeme Samuel said.

"Industry initiatives to overcome (Telstra's dominance) seem still to be concentrated in the central business districts," Mr Samuel told the Australian Council for Infrastructure Development in Sydney.

"Telstra owns two of the three major local access networks outside the CBDs or major cities; it owns the copper wire that connects virtually every household and business in Australia; and it owns the largest cable network.

"Its major competitor, Optus, still relies heavily on Telstra for access to its customer base, and its attempt to challenge Telstra by rolling out its own cable was stymied by Telstra chasing it with its own cable up virtually every street Optus went into."

Mr Samuel said Telstra's full ownership of the main pay TV distribution network and copper network, as well as its 50 per cent shareholding in pay TV operator Foxtel, also acted to stifle competition, even in new and emerging markets.

"It not only diminishes opportunities for competition by actual and potential network competitors, it means Telstra's copper and cable networks don't even compete with each other, denying potential price and service benefits that such facilities-based competition could deliver to consumers," he said.

"Telstra's partial ownership of Foxtel acts to deny competition in both directions.

"It restricts the supply of pay TV channels by Foxtel to other networks competing with Telstra, and prevents other pay TV businesses from gaining access to Telstra's network."

Optus still relies heavily on Telstra for access to its customer base. : GRAEME SAMUEL

Mr Samuel said the ACCC believed further consideration should be given to the benefits and costs of

Telstra being required to sell the cable network in full and sell its 50 per cent shareholding in Foxtel.

"Divestiture of the cable network would introduce a new infrastructure competitor into the market, establishing conditions for increased rivalry and innovation in the supply of a full range of telecommunications services," he said.

Telstra spokesman Rod Bruen said the ACCC had previously called for the break-up of Telstra and for Foxtel to be sold off.

"This is nothing new," he said. "It was first put forward by Mr Samuel's predecessor, Allan Fels, about two years ago.

"It was rejected by the Federal Government at the time, because it was recognised as flawed. Divesting Telstra's share in those businesses would only lead to greater media concentration with no benefit to consumers; nothing has changed since then."

- AAP

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