

## **Australian Competition Tribunal ruling gives red light for Telstra pricing demands**

**5th June 2006** – A decision by the Australian Competition Tribunal to reject Telstra’s proposed monthly Line Sharing Service (LSS) is an important win for the continuance of a competitive Australian telecommunications industry, says iiNet GM of Regulatory Affairs Steve Dalby.

Reinforcing a previous ruling handed down by the ACCC, the Federal Court Tribunal rejected Telstra’s proposed monthly price of \$9 price per line for the LSS.

The Tribunal found that Telstra’s approach to cost recovery was unreasonable and that it should not seek to recover its costs of the LSS from a price that was averaged over a four-year period, as Telstra had proposed.

Steve Dalby said the Tribunal’s decision was welcome news that strengthened the Australian Competition and Consumer Commission’s (ACCC) position as Australia’s independent telecommunications umpire.

Dalby said the monthly charge of \$9 for the LSS service would have severely disadvantaged Telstra’s wholesale customers, as Telstra had attempted to load the access charge with irrelevant and inappropriate costs and distributed them only to their competitors.

“Telstra have been delaying change and creating uncertainty in the Australian telecommunications industry for years with these tactics,” he said.

“We said this LSS pricing was unreasonable, the ACCC said it was unreasonable and now the Tribunal has said it too.

“The next step is for Sol and his buddies to accept the decision and get on with what they are supposed to be doing – looking after their customers – as opposed to interfering with the development of a competitive regime for the rest of the Australian telecommunication market.”

iiNet Managing Director Michael Malone said the decision was good news for iiNet and the rest of the Australian telecommunications Industry.

“It’s good to see the ACCC sticking by its published and historical principles, and getting backed up by the Australian Competition Tribunal as well. There has been an immense amount of pressure on the regulator in the past nine months, but they have stuck to a sensible, consistent and commercially transparent pricing approach.

“It sets an excellent precedent for other disputes on the ACCC’s table at present including backhaul, ULL and terminating and originating access,” Malone said. “We look forward progressing to a resolution on those disputes, now that this distraction has been dealt with by the Courts”

The decision by the Tribunal to affirm the ACCC's decision and reject the access undertaking means that it will not come into operation and the price specified in the undertaking will not become legally binding.

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**About iiNet**

iiNet is one of Australia’s Internet service pioneers, having begun in Western Australia in 1993. iiNet currently has over 600,000 subscribers across Australia and New Zealand and has built a reputation for providing innovative, quality and value Internet products, and friendly 24-hour customer service and support.

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