

## **Productivity Commission Review of Telecommunications Specific Competition Regulation**

### **PowerTel Response to Issues Paper 2**

PowerTel welcomes the opportunity to make this brief submission to the Productivity Commission Inquiry into Telecommunications Specific Competition Regulation in relation to Issues Paper 2 dated 8 January 2001.

PowerTel's focus is on the first issue raised in Issues Paper 2:

*"The differing levels of competition across Australia and whether a greater recognition of those differing circumstances should be incorporated into competition regulation".*

In its previous submissions, PowerTel has argued that telecommunications specific competition regulation should continue given the current state of competition in Australia. PowerTel has further argued that Parts XIB and XIC of the *Trade Practices Act* should continue with appropriate amendments (which we described in our previous submissions).

As the Productivity Commission notes in Issues Paper 2, there are conflicting views regarding the impact of regulation of bottleneck facilities in rural areas. In our view, the reason for this is that it is very difficult to identify all relevant issues in the abstract and to legislate for a particular regulatory regime to apply. In some instances, having a service in a regional area declared may assist investment. In other circumstances it may harm investment. For this reason, PowerTel supports the current flexibility of Part XIC which provides for:

1. flexibility in the declaration process;
2. a process to review earlier declarations; and
3. a process for class and individual exemptions from standard access obligations.

A specific analysis of relevant and current facts is far more likely to yield a sensible regulatory outcome than a less flexible legislated framework.

PowerTel believes that Part XIC already provides an appropriate mechanism for dealing with differing levels of competition across Australia. PowerTel would not, however, object to amendments to Part XIC to make it even clearer that regional variations (in competition and other relevant matters) are factors which the ACCC may take into account in relation to the declaration and exemption processes.