

17 September 2001

Mr Mike Woods
Presiding Commissioner
Telecommunications Inquiry
Productivity Commission
PO Box 80
Belconnen ACT 2616

Dear Mr Woods

**TELECOMMUNICATIONS COMPETITION REGULATION –
SUPPLEMENTARY SUBMISSION**

As you are aware, on 24 July 2001, Seven Network made a submission, on behalf of C7 Pty Limited, to the Productivity Commission's Inquiry into Telecommunications Competition Regulation in response to the Commission's Draft Report.

Since then, the Australian Competition and Consumer Commission (ACCC) has made a supplementary submission to the Productivity Commission which addresses the Productivity Commission's Draft Report comments relating to the ACCC's suggested program access rules (in its first submission to the Inquiry).

In its supplementary submission, the ACCC has modified its suggested program access rules to take account of the Productivity Commission's comments.

On behalf of C7, Seven makes this supplementary submission in support of the ACCC's proposed program access rules as modified. Seven's support for the ACCC's proposal is made on the basis that the proposed rules apply only in relation to payTV operators and not to free-to-air broadcasters.

Seven agrees that the proposed rules would promote the distribution of program content/channels on as many delivery platforms as possible and consequently the competition for the supply of broadband telecommunications services.

It is reasonable to expect that a program content provider would rationally welcome the opportunity to supply its product to as many providers as possible. However, C7's experience in attempting to gain access to the Telstra/Foxtel analogue payTV service has demonstrated that healthy competition may be stifled by exclusive arrangements, particularly where there is vertical integration between program providers, payTV operators and delivery platform operators. This stifling of competition denies the end-user a choice of both platform/payTV operator and content provider.

Seven believes that it is vital that program access rules are complemented by a robust application of rules promoting access to cable infrastructure under Part XIC of the *Trade Practices Act 1974*. Barriers to competition in this area severely curtail the ability of a niche content provider to gain an audience, with the consequent strangling of the local creative production industry.

Seven appreciates the opportunity afforded by the Productivity Commission to make this further submission.

Yours faithfully

Steve Wise

Managing Director

New Media and Investments