

~~—[IN CONFIDENCE]—~~

LOW INCOME ACCESS TO TELECOMMUNICATIONS

OVERVIEW

- Telstra currently offers a range of discounted telecommunications packages and products for low income consumers including concession card holders and pensioners which are endorsed by low income consumer groups through the Low Income Measures Assessment Committee (LIMAC).
- The structure of current pricing concessions and discounts will need to be reviewed as we transition to the National Broadband Network (NBN) wholesale access regime with different price inputs.

KEY ISSUES

- Low income users can currently purchase a basic voice telecommunications package from Telstra for \$20.95 per month. Pensioners are also eligible for the Telstra Pensioner Discount, further reducing their monthly line rental fee.

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- The government is committed to the continued availability of voice only services for those who need it, at no greater price than they pay now.

FUTURE CHALLENGES

- As part of the government's consideration of regulatory matters surrounding the rollout of the NBN and the separation of Telstra, the department (in conjunction with the Australian Competition and Consumer Commission) will be conducting a comprehensive review of retail pricing policy during 2011. A discussion paper canvassing the issues and inviting public submissions will be released in the near future. Current price control arrangements are due to expire on 30 June 2012, by which time the government expects to have reached a decision on future arrangements.
- Under the Definitive Agreement with Telstra for the delivery of the standard telephone service universal service obligation, Telstra remains subject to the Telstra specific retail price controls. However, in committing to make use of the NBN fibre network to provide the standard telephone services the government recognises that at this time Telstra does not have complete certainty as to the future nature of the Telstra specific retail price controls prices and hence the prices that it can charge for the provision of the standard telephone service.

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- The department is consulting with Telstra, LIMAC, NBN Co and industry on a way forward.

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