

2.4.2 (cont'd)

One of the key purposes of such joint ventures is to enable Telecom to secure exclusive sourcing and marketing rights for CPE and VAS, for on-sale.

Some of the more significant Telecom joint ventures announced since the May 1988 Statement include:

- * Information Switching Technology Pty Ltd - a joint venture with Fujitsu to manufacture ISDN compatible PABXs, to be sold by Telecom;
- * Hewlett-Packard Australia Ltd - a purchase by Telecom of 50% of the Australian computer manufacturing arm of Hewlett-Packard to facilitate the development of equipment to integrate computer and communications technology;
- * QPSX Pty Ltd - a joint venture with the research arm of the University of Western Australia to develop and market a new fast packet technology which has been recognised as an IEEE standard;
- * Telecom Technologies Pty Ltd - a joint venture with Exicom Pty Ltd to develop and supply telephones and SBS for the Australian and export markets (Exicom purchased the telephone manufacturing business of AWA Ltd).

In the area of CPE particularly, these joint ventures have created a barrier to new entrants from that part of the Telecom market which is for equipment for Telecom to on-sell to its customers. The supply of first telephone, SBS and PABX to Telecom is already accounted for by such agreements. Furthermore, it has just been announced that Telecom has reached agreement with Fujitsu for it to supply customers with an exclusive range of cellular terminals to be manufactured by Fujitsu in Dallas, Texas.

As a consequence of these agreements, Canadian CPE suppliers would have the following options for entering the Australian CPE market (at least until 30 June 1993 when the IDA scheme expires):

- * supply direct to the competitive market, after demonstrating to AUSTEL that points requirements will be met;