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Nicole Ross  
Superfast Broadband Inquiry  
Australian Competition and Consumer Commission  
Via email [Nicole.Ross@acc.gov.au](mailto:Nicole.Ross@acc.gov.au)

ACCAN thanks the ACCC for the opportunity to contribute to its Superfast Broadband Access Service (SBAS) Declaration Inquiry Draft Decision.

ACCAN supports the ACCC's consideration that superfast broadband networks delivered through all fixed-line superfast broadband technology platforms are enduring bottlenecks. We support the proposed declaration of the networks outlined in the draft decision. Without a duplication of networks to premises, consumers are often restricted in the services, providers and price due to the terms of the network. Declaring these networks is likely to remove barriers for retail providers to access networks, provide a greater range of services and products that better suit the needs of consumers. Networks which support retail competition are in the long term interest of consumers.

A consumer serviced by a network with a limited number of retail providers can be significantly impacted, beyond paying monopoly rents. Firstly, there is increased product search and transactional costs for consumers in finding a service provider on the available network. It can be difficult and frustrating for consumers to find a retailer and a plan that suits their needs, only to later discover that service provider is not available on their network. Some retail providers do not feature on comparison websites or forums and their plans can be difficult to find. If a consumer moves premises, into or out of a network with limited retail providers, they may not be able to bring their current services with them. Secondly, consumers may not be able to find a provider which suits their needs. While headline download speed is usually the most quoted and influential factor, the upload speed, data allowance, customer service record, service guarantees and bundled or additional products offered, such as streaming services, are increasingly important. Networks which have limited retail providers may not offer consumers the range of products which they require.

Consumers serviced by a superfast broadband network that is not covered by the current regulations, often express frustration at the lack of providers, the high cost that they have to pay for services and the inability to purchase the plans that they want. For example, consumers in Wentworth Point, Sydney, contacted ACCAN earlier this year expressing frustration with the limited number of retail providers and the cost of services compared to mainstream offerings. Feedback from other consumers on Whirlpool forum indicate that there has been mixed experiences with the services from the providers that are available in this development.<sup>1</sup> Lack of competition at a retail level can result in a lack of choices for consumers, lower quality services and consumers paying monopoly rents. This experience echoes the ACCCs' observation that "the lack of retail options suggests the pressure to remain competitive both on price and non-price terms is limited or not present and may, over time, lead to a larger divergence between retail offerings by vertically-integrated providers not subject to regulation and those where wholesale competition is present".<sup>2</sup>

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<sup>1</sup> <http://forums.whirlpool.net.au/archive/2049513>

<sup>2</sup> Pg. 30 of draft decision

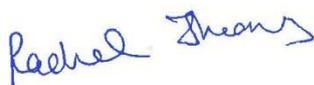
ACCAN is concerned about the monopoly rents consumers are paying in these areas. We have analysed the two retail providers, besides Telstra, that offer services over the Telstra South Brisbane network [one of the networks proposed to be included in this declaration]. The plans by these retail providers are more expensive, have lower upload speeds and in some cases lower data allowances than the plans these same providers offer over the NBN. The lack of retail competition and the current regulated nature of the network is resulting in consumers on this network paying up to 80% more for services.

Retailers and Plans for basic internet services	NBN Network, per month	South Brisbane Network, per month	Retail Price Difference on the South Brisbane Network
Exetel <sup>3</sup> entry level plan (100GB data)	\$ 39.00	\$ 70.00	80% more expensive, lower download and lower upload speed
Exetel highest plan (unlimited data)	\$ 89.00	\$ 140.00	57% more expensive, 1/8th of the upload speed
Internode <sup>4</sup> entry level plan (30GB data)	\$ 49.95	\$ 59.90	19% more expensive, higher download speed
Internode highest plan (250GB data on SB, 1,000GB on NBN)	\$ 124.95	\$ 199.90	60% more expensive, 1/8th of the upload speed and 25% of the data allowance

Due to the significant risk to consumers, ACCAN believes that caution should be exercised when considering extending exemptions in this declaration, particularly to smaller networks. Exempting networks by measures such as size is likely to leave end users exposed to higher prices and poorer services. This approach creates inequitable outcomes which harm consumers. nbn, or other networks, may not overbuild in these areas, leaving small pockets of consumers with unaffordable plans. If networks are to be exempted at all it would be preferable that it was done on an individual basis with a greater focus on equitable outcomes for consumers.

If you have any queries on our submission, please contact [Rachel.thomas@accan.org.au](mailto:Rachel.thomas@accan.org.au) or 02 9288 4012.

Sincerely



Rachel Thomas  
Policy Officer

<sup>3</sup> <http://www.exetel.com.au/broadband/nbn>, <http://www.exetel.com.au/broadband/fibre>, Accessed on 25th November 2015. Entry level speeds over nbn plans are 12/1Mbps, South Brisbane is 8/0.384Mbps. Highest plan speeds are 100/40Mbps over nbn and 100/5Mbps over South Brisbane

<sup>4</sup> <http://www.internode.on.net/residential/broadband/nbn/>, Entry level speeds over nbn plans are 12/1Mbps, South Brisbane is 30/1Mbps. Highest plan speeds are 100/40Mbps over nbn and 100/5Mbps over South Brisbane [http://www.internode.on.net/residential/broadband/fibre/south\\_brisbane/](http://www.internode.on.net/residential/broadband/fibre/south_brisbane/), Accessed on 25<sup>th</sup> November 2015