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ACCAN thanks the ACCC for the opportunity to contribute to its Superfast Broadband Access Service (SBAS) and Local Bitstream Access Service (LBAS) Final Access Determination Joint Inquiry.

ACCAN regularly hears about the effect and harm which results from being served by a monopoly network that restricts end users choice and services.<sup>1</sup> This includes frustration about not being able to access the range of offers available in the market, bundled plans (fixed and mobile services), content that is tied to certain providers and a wide range of download and upload speeds. The level of service guaranteed, the connection and repair timeframes, the complaint systems, safeguards and the ability to compare services on offer are also important for these end users. The prices and terms and conditions set through this inquiry are likely to have a pivotal role in the level of retail competition over these networks and meeting the needs of these end users.<sup>2</sup> Due to the range of concerns received from end users, ACCAN would like to highlight some of the important outcomes needed

### **Pricing Approaches – anchor pricing and product tiers**

A key concern that is raised by end users is the lack of access to the range of Retail Service Providers (RSPs) that are offered on other networks. In order to address this ACCAN believes that the prices, product design, interfaces and conditions should, at least, be consistent with NBN Co to encourage RSPs to operate across all networks with national plans. Additionally, regulation that applies solely to a base anchor product is not likely to fully address the barriers that face RSPs in offering services in these areas. If the range of services are not part of the regulation then choice of RSP and plans at equivalent prices is also likely to be limited.<sup>3</sup>

### **Retail minus approach**

ACCAN understands the attractiveness of the retail minus approach.<sup>4</sup> However, one of the proposed benefits for having a number of access providers is to promote competition, to

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<sup>1</sup> ACCAN has been contacted by a range of consumers served by SBAS and LBAS networks. Some examples previously given in December 2015 submission to SBAS. <https://accan.org.au/our-work/submissions/1168-superfast-broadband>. We have also commented in the media in response to end user concerns. [http://www.smh.com.au/business/consumer-affairs/poor-internet-service-can-break-a-real-estate-deal-wentworth-point-agent-says-20161013-gs1b7x.html?utm\\_source=newsletter\\_91&utm\\_medium=email&utm\\_campaign=webnews355](http://www.smh.com.au/business/consumer-affairs/poor-internet-service-can-break-a-real-estate-deal-wentworth-point-agent-says-20161013-gs1b7x.html?utm_source=newsletter_91&utm_medium=email&utm_campaign=webnews355)

<sup>2</sup> Rod Sims speech at ACCAN conference, 1<sup>st</sup> September 2015.

<https://www.accc.gov.au/speech/communications-affordability-and-the-role-of-efficient-markets>

<sup>3</sup> ACCC discussion paper. Pg20.

<sup>4</sup> Sarmiento, P and Brandao, A. 2004. *Access Pricing: A Comparison Between Full deregulation and Two Alternative Instruments of Access Price Regulation, Cost Based Regulation and Retail Minus Regulation*. [http://userpage.fu-berlin.de/~jmueller/its/conf/berlin04/Papers/Brandao\\_Sarmiento.pdf](http://userpage.fu-berlin.de/~jmueller/its/conf/berlin04/Papers/Brandao_Sarmiento.pdf)

promote downward pressure on prices and to provide a comparison to NBN pricing.<sup>5</sup> As the retail minus approach can maintain monopoly profits, ACCAN has concerns that this approach will have limited effect in achieving these or ensuring that the wholesale services are delivered in an economically efficient manner, or being relied on for this purpose. Furthermore, ACCAN is keen to see stronger guarantees and reliability for end users broadband services.<sup>6</sup> Financial incentives to encourage quality services through the pricing mechanism is one aspect which we would like the ACCC to consider, but which may not be possible with a retail minus approach.

### Components included in pricing

One of the reasons given for RSPs not to offer services over these networks is the cost and difficulty for RSPs to connect to multiple networks.<sup>7</sup> For this reason we are supportive of other components, such as access and usage prices, to be included in the scope of the inquiry. These elements may affect the decision by RSPs to offer services over these networks. Access to a range of providers is an aim of ACCAN as it benefits end users. If these other elements are likely to limit the range of choice, then they should be considered as part of the inquiry.

### Small network exclusion

As previously submitted, ACCAN believes that all superfast networks should be considered in this inquiry. Consumers that are served by smaller networks are likely to need the guarantees and protection offered by this regulation to a greater extent than if they are served by the larger networks. This is because the size of the market on the smaller network is likely to make it less commercially advantageous for the range of RSPs to offer services.

End users served by LBAS and SBAS networks want access to a range of retail service providers and plans that are equivalent in terms of prices, service guarantees and inclusions offered generally on the market to other end users. This regulation should ensure access to a high standard and choice of services for end users.

Sincerely



Rachel Thomas  
Policy Officer

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<sup>5</sup> Department of Communications and Arts, Telecommunications in New Developments Policy. Malcolm Turnbull Media Release.

[http://www.minister.communications.gov.au/malcolm\\_turnbull/news/telecommunications\\_in\\_new\\_developments\\_a\\_new\\_approach\\_to\\_competition#.WARnVjVCxf4](http://www.minister.communications.gov.au/malcolm_turnbull/news/telecommunications_in_new_developments_a_new_approach_to_competition#.WARnVjVCxf4) (accessed 10<sup>th</sup> October 2016)

<sup>6</sup> ACCAN Policy Position on Customer Service and Reliability Standard (February 2016).

<http://accan.org.au/election-2016/election-issues/1166-future-guarantee>

<sup>7</sup> ACCC Discussion paper pg. 23