



# **ACCC inquiry into NBN access pricing**

Submission by the Australian Communications Consumer Action  
Network

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## **About ACCAN**

The Australian Communications Consumer Action Network (ACCAN) is the peak body that represents all consumers on communications issues including telecommunications, broadband and emerging new services. ACCAN provides a strong unified voice to industry and government as consumers work towards availability, accessibility and affordability of communications services for all Australians.

Consumers need ACCAN to promote better consumer protection outcomes ensuring speedy responses to complaints and issues. ACCAN aims to empower consumers so that they are well informed and can make good choices about products and services. As a peak body, ACCAN will represent the views of its broad and diverse membership base to policy makers, government and industry to get better outcomes for all communications consumers.

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## Executive Summary

ACCAN thanks the ACCC for the opportunity to comment on its inquiry into NBN access pricing. ACCAN supports steps being taken to address the critical affordability issue currently facing over more than a million households looking to transition onto the NBN.

ACCAN is supportive of measures being taken in order to allow for consumers to smoothly transition to NBN services without facing material increases in the price of their existing services.

As the ACCC would be aware ACCAN's preferred method for addressing the affordability challenge is for the development of an additional discounted bundle to be offered to eligible households. ACCAN's preferred pricing construct is the creation of a concessional service at the 50/20 Mbps AVC tier at a wholesale price of \$20. However, incorporated in the design of this pricing construct is the payment of a recurrent subsidy to NBN Co. by the Australian government to pay for the consequent revenue shortfall.

In the absence of any forthcoming government support for a concessional NBN service ACCAN considers that the creation of a 25/5Mbps bundle with 2Mbps of included CVC at a regulated price point of \$30 is an appropriate option to support take-up. The creation of a discounted bundle at the 25/5Mbps speed tier will allow for the provision of high-speed internet at a price-point that would be affordable for some low-income households, encourage take-up and discourage disconnection from the network due to the cost of services.

ACCAN believes that the regulation of a service offering at the 25/5Mbps tier in alignment with a \$30 price point would encourage the efficient use of NBN infrastructure, facilitate higher rates of take-up and increase NBN revenues as a consequence. Furthermore, regulating at this price point would encourage NBN Co. to reduce the wholesale cost of 12/1Mbps service offerings and promote access to basic service offerings as part of a range of more affordable services.

ACCAN considers the creation of a product with an effective wholesale price greater than \$30 would not alleviate the affordability challenge faced by low income households. Consequently, it may not be effective in driving greater take-up of services. This view is informed by our extensive consultation with community sector organisations, economists working in the not-for-profit sector, low-income households and analysis of existing public research.

## ACCC approach to examining NBN access pricing

### *2. How do you consider the 'no worse off' condition for migration of legacy customers onto the NBN should operate?*

ACCAN believes that the no worse off condition for the migration of legacy customers onto the NBN should entail at a minimum the offering of equivalent services at price points no greater than those faced by consumers on their legacy service offering. Noting the considerable number of consumers currently on cable networks ACCAN believes that in principle the focus of regulatory measures should be the pricing of the 25/5Mbps service offering, rather than the 12/1Mbps offering.

As noted by the ACCC in the discussion paper, both service tiers have historically been considered as equivalent to legacy offerings in the ADSL and cable market. Moreover, ACCAN believes that the regulation of the 25/5Mbps speed tier is in alignment with the definition of a high-speed broadband service under the statement of expectations,<sup>1</sup> and was intended to be the baseline broadband service consumers would transition onto.

### *Voice migration*

ACCAN believes that the pricing of equivalent voice services should also be considered in the context of the inquiry into access pricing. ACCAN is concerned that the current pricing of voice only services at the wholesale and retail level is in excess of the efficient cost of provision, and that as a consequence consumers seeking to maintain legacy voice services are facing higher than necessary prices.

### *3. Do you consider that price regulation of a basic speed access product would serve as an effective price anchor on higher speed NBN services? If so, for what range of higher speed TC-4 access products would the price terms for a TC-4 12/1 speed access product provide an effective price anchor?*

ACCAN is concerned that the implementation of price regulation for the 12/1Mbps access product would not operate as an effective anchor for higher speed NBN services. Although price regulation may have the effect of placing some pressure on the pricing of the 25/5Mbps speed tier, fundamentally the pricing approach adopted by NBN Co. will be focused on ensuring financial outcomes are met.

ACCAN does not foresee that 12/1Mbps regulated pricing would have any material effect on the pricing of higher speed service offerings. This is because the market for broadband services has moved away from lower speed offerings towards significantly faster than ADSL service tiers. NBN Co's pricing strategy has induced the widespread adoption of higher speed service offerings, with the 50Mbps service tier now representing the benchmark service.

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<sup>1</sup> 'Statement of Expectations', Letter from Minister of Communications and the Arts, 2016. <<https://www.communications.gov.au/publications/nbnstatementofexpectations>>.

In addition, ACCAN questions the merit of anchoring pricing to a service tier that represents the worst quality service offering present in the current market. Although the 12/1Mbps service tier remains appropriate for some exceptionally low users of internet services, the vast majority of consumers are unlikely to find this service tier meets their needs. Furthermore, to the extent that the price regulation of the 12/1Mbps service tier promotes uptake of these services by consumers, there is a material risk that should these services fail to meet consumer expectations that consumers will place a lower value on NBN services.

ACCAN is concerned that in the event consumers gravitate to 12/1Mbps services, that where these services do not meet consumer needs that there is likely to be a reduction in consumer willingness to pay and a reduction in the estimated value of NBN services. This concern is based on historical observations that where NBN services have failed to meet consumer expectations that the effect has been an increasing unwillingness on the part of consumers to transition or to delay transition. This effect is consistent with the established effect of information asymmetries.<sup>2</sup> ACCAN notes that addressing this issue has been a significant component of the ACCC's work on NBN service standards and broadband monitoring.

Noting the potential for the anchoring effect to not exert sufficient pressure on NBN Co's pricing approach, regulating the 25/5Mbps service directly would allow for the ACCC to exert pressure on both higher and lower speed tier pricing arrangements. In comparison, the regulation of the 12/1Mbps service offering might be reasonably expected to exert some pressure on 25/5Mbps services in the best case scenario, but is unlikely to have a significant effect on any speed tiers above this service. Accordingly the price regulation of the 25/5Mbps service tier is likely to make greatest use of any anchoring effect and encourage consumers to acquire services that are consistent with their needs.

#### *4. Do you have any comments on the pricing principles proposed by the ACCC for assessing NBN Co's access prices?*

ACCAN is supportive of the principles articulated in the discussion paper. However, we remain concerned that the focus of the pricing approach is on service offerings that no longer reflect consumer needs or demand. ACCAN notes that the majority of the discussion within the paper is focused on services that do not reflect the typical service offering demanded by consumers, which is the 50Mbps service.<sup>3</sup>

Although ACCAN does not believe that regulation of the 50Mbps high-speed broadband service is necessary, we do believe that the 25/5Mbps is the appropriate service tier for intervention. Regulated pricing for this tier would allow for anchoring of both higher and lower speed services by reference to an entry level broadband service.

<sup>2</sup> George Akerlof, 'The Market for "Lemons" Quality Uncertainty and the Market Mechanism' (1970) 84(3) *Quarterly Journal of Economics* 488.

<sup>3</sup> Australian Competition and Consumer Commission, 'NBN Wholesale Market Indicators Report 2019', *Australian Competition and Consumer Commission* <<https://www.accc.gov.au/regulated-infrastructure/communications/national-broadband-network-nbn/nbn-wholesale-market-indicators-report/march-quarter-2019-report>>.

ACCAN believes that the pricing of NBN services should be defined by reference to the theoretically efficient market outcome. Accordingly, rather than benchmark prices against ADSL+ pricing observed in the market approximately a decade ago, the focus of pricing should be on what the efficient price should be for the existing infrastructure. In light of the material uplift in the capability of the underlying asset, it is therefore difficult to conclude that the 12/1Mbps is likely to be the relevant service tier. Rather, at a minimum a high-speed broadband service as defined in the statement of expectations as a 25/5Mbps service is likely to be the relevant benchmark.

The regulation of the 25/5Mbps service tier would exert pressure on NBN Co and retailers to offer ADSL replacement services at price points below that of an entry level broadband offering. Moreover, regulation of the 25/5Mbps service would exert some pressure on the 50Mbps service tier pricing structure, with this offer now reflecting the default service tier for the vast majority of consumers.

*5. Do you consider that any other changes to NBN Co's current approach to pricing NBN access services are required to provide pricing certainty for access seekers and to safeguard the interests of end-users?*

ACCAN is supportive of the creation of a regular time frame for the re-consideration of pricing arrangements in order to support confidence and facilitate medium to long term planning of retail pricing. Accordingly we support the introduction of a standard framework for reviewing discounts and prices every 2-years following the completion of the rollout.

Prior to the completion of the migration and establishment of a mature pricing framework we consider that there are grounds for more frequent reviews of discounting and pricing arrangements in order to support the development of a sound pricing approach. Accordingly in the immediate future the adoption of a standard annualized review framework is desirable for the development of pricing arrangements for those segments of the market that are particularly price sensitive.

ACCAN does not support the use of discounts as the primary mechanism for setting NBN Co's prices. The use of discounts does not provide sufficient stability to allow RSPs to build and market products or set retail prices with confidence. This can lead to RSPs embedding a risk premium into their retail prices to constrain any revenue risks they may face due to the mismatch of discount period with contract terms. ACCAN is also concerned that if discounts are withdrawn that consumers may face price rises and be unable to afford previously discounted services..

ACCAN believes that an important first step is to develop service offerings at different price points to ensure that consumers are not faced with stable but unaffordable services. At the same time, we believe that it is important for NBN Co. to carefully balance the use of discounts as a pricing mechanism against the need for stable and predictable pricing arrangements to underpin retail service provision.

## NBN access pricing

*6. Do the pricing features covered in this section represent the key pricing elements bearing on the supply of entry level NBN services to end-users by RSPs?*

ACCAN's view is that the primary pricing elements in the supply chain are reflected in the discussion paper. The pricing elements include NBN wholesale pricing inputs for each of the relevant service tiers and CVC overage charges where CVC inclusions are exceeded.

*7. Do the service transfer charges identified in this section represent the key pricing elements bearing on service transfers?*

At present the fees associated with transfer of services are to ACCAN's understanding a significant driver in the pricing of charges for service transfers. ACCAN supports further reductions in transfer charges and the proposed discounts outlined in NBN Co's *RMID0821 Pricing Review 2019 Closing Paper 2*.



## Product and pricing developments in retail-fixed broadband markets

*8. Are there any additional retail pricing and product changes relevant to this inquiry that resulted from NBN Co's product and pricing changes that took effect in 2018?*

ACCAN expects that further retail pricing changes will arise due to the wholesale pricing changes adopted by NBN Co in 2018. Although the vast majority of pricing changes appear to have already flowed through to the market in June 2019, ACCAN believes that further changes will arise following the end of dimension-based-discounting arrangements for 12/1Mbps services which has been flagged to occur in mid-2020, following an extension to these arrangements being announced in mid-2019.

*9. Are there any further retail pricing and product changes that are being contemplated due to NBN Co's 2018 pricing changes?*

ACCAN has been advised that there are likely to be further price changes as the short-term effect of increased CVC inclusions as a result of the movement to bundled pricing is eroded by increases in user demand. ACCAN has been advised that some of these pricing changes are likely to emerge in the first and second quarters of 2020 depending upon the rate of growth observed in CVC overage charges.

The upward revisions in CVC inclusions outlined in NBN Co's *RMID0821 Pricing Review 2019 Consultation Closing Paper* are likely to delay this upward revision in the short-term. The increase in CVC inclusions has however been identified by industry to be insufficient in the coming year to constrain wholesale cost inputs and as a consequence retail price growth.

*10. What retail pricing and product changes have you made or are contemplating in response to NBN Co's pricing changes outlined in its second consultation paper?*

N.A.

# Considerations for potential regulated NBN access pricing

## *11. Which TC-4 ethernet broadband access service speed tier(s) are most relevant to the objective of providing a smooth migration for all or most consumers?*

ACCAN considers that the 25/5Mbps speed tier is the most relevant to the objective of providing a smooth migration for all or most consumers. This is because this tier represents either the same or an improved service offering for all users of existing services delivered over ADSL2+ and cable networks. ACCAN does not believe that the 12/1Mbps is the relevant tier for transition to the NBN as it is not in keeping with the statement of expectations definition of a high-speed broadband service.<sup>4</sup>

In addition, ACCAN believes that there are sound economic grounds for regulating the 25/5Mbps service tier as the entry level broadband offering. ACCAN notes that in competitive telecommunications markets that the primary driver in the reduction of costs has been an increase in the average level of quality or quantity of a given service offering.

This phenomenon has been reflected in the ACCC's own market studies and hedonic modelling exercises which have emphasized that improvements in the quality and quantity of services, while price points remain the same, have resulted in effective price reductions. ACCAN considers that in accordance with this improvement, it is reasonable to conclude that the investments in the network should yield some technical uplift to consumers. In the event that this was not the case, the investment would not have resulted in the realization of any technical or dynamic efficiency gains for end users.

Accordingly, under competitive and efficient conditions it is reasonable to conclude that the uplift observable in other communications markets, such as the mobile services market, should have occurred in the fixed line market.

Put more simply, anchoring pricing and service arrangements to a service tier that represented a good quality service a decade ago seems inconsistent with the efficient use of today's underlying infrastructure. An analogous approach in other communications markets would see consumers paying an inflation adjusted price of \$850 for an iPhone 3 in 2019, almost a decade after its release. In contrast consumers can buy a considerably more advanced product (the iPhone X) for the same price or less due to the technological uplift obtained through innovation over the time period.

ACCAN does not support the regulation of pricing at a price and service level that reflects a product offering that is not in keeping with consumer expectations. Consumers should be able to derive a benefit from the considerable investment made in creating a technical uplift and

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<sup>4</sup> 'Statement of Expectations' Letter from Minister for Finance and Deregulation the Honourable Penny Wong and Minister for Broadband, Communications and the Digital Economy, the Honourable Stephen Conroy, 2010.

consequently should be able to access broadband services in keeping with the statement of expectations for an affordable price.

*12. What level of CVC dimensioning for the basic broadband access product do you consider is needed to support a smooth transition of ADSL/ADSL2+ customers to the NBN for a retail price point of \$60 with unlimited data? Could this same level of provisioning be supported on the ADSL/ADSL2+ network for the same price point?*

At a minimum an unlimited basic broadband service will require 2Mbps of CVC to be provisioned in order to ensure an uncongested service. ACCAN is unaware of whether this level of provisioning can be provided at an equivalent price point over the existing ADSL network.

*13. RSPs that are supplying or have previously supplied retail 12/1 speed plans using the NBN, please complete the data request that accompanies this discussion paper.*

N.A.

*14. RSPs that operate ADSL/ADSL2+ networks, please complete the data request that accompanies this discussion paper.*

N.A.

*15. What rate of indexing of the CVC dimensioning is required on a basic broadband access service for it to continue to provide for a smooth migration over the course of the rollout? Could this same rate of indexing be supported on the ADSL/ADSL2+ network?*

ACCAN has been advised that a significant increase in CVC provisioning is required to constrain the re-emergence of network congestion over the course of the rollout. Although the information concerning the required rate of indexing has varied, ACCAN understands that bandwidth demand is projected to increase in the order of 40-50% over the next year. This implies uplift in CVC requirements in the order of approximately 1Mbps. ACCAN is unaware whether this rate of indexing could be supported over the ADSL network.

*16. How should the required growth in CVC dimensioning be accommodated in developing price related terms for the basic speed access product and does this put the \$60 retail price point with unlimited data at risk?*

ACCAN believes that the required growth in CVC dimensioning should be accommodated through an increase in the bundled level of CVC inclusions for the service offering. As bandwidth demand increase over time ACCAN believes that it is appropriate for the inclusions to grow in concert with demand.

ACCAN considers that the efficient cost of providing increased CVC capacity is lower than the current headline price cited by NBN Co of \$8. Accordingly, ACCAN believes that there is scope for further price reductions for CVC provisioning, and that an unlimited basic speed access product can be offered without compromising the ACCC's identified price point.

*17. What do you see as the pros and cons of establishing the price related terms and conditions of access to a basic broadband access product by way of a new product bundle or being implemented by way of a partial waiver/discount?*

ACCAN is supportive of the ACCC acting to establish price related terms and conditions through the creation of a new product bundle. The creation of certainty is extremely important for service offerings to price sensitive consumers, and ACCAN is aware that many retailers have moved away from this part of the market due to the significant financial risks associated with unexpected and unpredictable overage charges. As a consequence, ACCAN believes that the creation of a new product bundle would provide certainty to retailers and is the appropriate mechanism for setting price related terms in the long term.

However, as an interim step ACCAN supports the implementation of price setting through the use of a partial waiver or discount if this facilitates efficient pricing in the immediate future. The use of a waiver may allow for the re-entry of retailers into the entry level market, which can be subsequently consolidated through the formulation of a product bundle.

*18. Will NBN Co's proposed pricing in its second consultation paper allow access seekers to rationalise their CVCs?*

ACCAN believes that the changes outlined in NBN Co's *RMID0821 Pricing Review 2019 Closing Paper* will allow for access seekers to rationalize their CVCs by transitioning all of their services onto bundled CVCs and shutting down their legacy CVCs.

ACCAN has not received any feedback from industry parties concerning the rationalization of CVCs in response to NBN Co's *RMID0821 Pricing Review 2019 Closing Paper*. However, ACCAN understands that there is an ongoing drive to move legacy CVCs onto the bundled pricing construct due to the potential savings that can be realized by operating only one system of CVCs.

*19. What further approaches could be considered to facilitate opportunities to reduce transformation costs and/or allow access seekers to exploit scale economies in respect of the basic broadband access product?*

ACCAN understands that there are multiple opportunities to reduce the cost of transformation by the reduction in the management costs associated with the existing CVC construct. The implementation of simplified billing approaches has been raised with ACCAN as a mechanism for reducing the costs of CVC management while also providing efficient incentives to invest in capacity and providing sufficient NBN revenues.

*20. What is your preferred approach to preserving sufficient flexibility to offer limited quota plans over a basic broadband access product?*

ACCAN does not believe that the re-establishment of data limited service offerings is likely to meet the needs of the majority of consumers and represents a retrograde step. In the event that the ACCC wishes to pursue the re-establishment of limited data quota plans ACCAN believes that this could be facilitated through a re-pricing of cost components.

ACCAN believes that it is possible to price an entry level broadband service with sufficient CVC inclusions to allow for the provision of an unlimited data service. ACCAN is of the view that a 25/5Mbps service with an inclusion of 2Mbps of CVC could be provisioned at a bundled price of \$30.

For example, this could involve a reduction in the headline AVC price and CVC price to the extent that the CVC purchased is less than that of the 25/5Mbps bundle. Accordingly, if the CVC were repriced to \$5 per Mbps under the terms of the bundle (with an AVC charge of \$20) a service provisioned with 1Mbps would only cost \$25.

*21. Should this be left to individual dimensioning choices of access seekers acquiring a scalable basic access product or should a separate limited quota access product be developed?*

ACCAN is supportive of the development of an array of service offerings that meet the differing needs of consumers. Accordingly, although ACCAN is supportive of the creation of a standardized concessional service offering, we consider that the creation of a regulated pricing construct along the lines of that set out in our response to the preceding question would allow for the provision of an array of low cost broadband offers that met the needs of consumers.

*22. What do you consider to be the level of CVC dimensioning that would support a limited quota, basic speed retail plan?*

ACCAN has been advised by retailers that a minimum of 1Mbps of CVC inclusion would be required to provide a limited quota 12/1Mbps service offering. However, ACCAN also understands that the provision of such a service offering is co-dependent on the level of demand at a given POI and that a 1Mbps inclusion may be insufficient to guarantee performance in the event of material demand.

Retailers have advised ACCAN that the demand profile for services is often indistinguishable between notionally ‘low’ users of services and that as access and service offerings improve, consumers typically increase their data demand. Accordingly, assumptions should not be made that a specific subset of consumers who seek to purchase low cost services will primarily use applications that do not require material bandwidth.

*23. Are there any features of NBN Co’s new ELB offer that favours some access seekers or business models over others when it is used to supply a basic speed broadband plan? What are these features?*

ACCAN is not aware of any features of the ELB offer that would favor any particular access seekers over any others. The implementation of the ELB offer is however likely to relieve some of the cost pressures and risks faced by those retailers that sell basic broadband services or have greater exposure to these sub-markets.

ACCAN does not consider that the proposed new ELB offering would have the effect of providing an unfair competitive advantage for retailers offering low cost services. Rather, the proposal appears to reflect a movement to a more normal pricing structure and would reduce some of the existing risks associated with offering entry level services.

*24. What approach do you consider should be adopted in respect of basic broadband access products that are supplied over NBN Co's fixed wireless or satellite access technologies?*

ACCAN believes that basic broadband services should be provided uniformly across the network irrespective of the technical mode of delivery. In keeping with the statement of expectations, services should be provided at a uniform national price in order to ensure that Australians residing in regional, rural and remote areas are not disadvantaged through higher prices.

ACCAN notes that the proportion of low-income Australians residing in regional areas is higher than that in metropolitan areas.<sup>5</sup> Accordingly, a failure to ensure equitable access for those on fixed wireless or satellite services would further compound the disadvantage that these regional residents face.

*25. Are RSPs likely to differentiate their prices based on access technology if the Entry Level Bundle is not available over Fixed Wireless networks?*

ACCAN has not received any information indicating that retailers would adopt a differentiated pricing approach if the entry level bundle offering were not made available over the fixed wireless networks. However, ACCAN believes it is unlikely that retailers would offer 12/1Mbps services over the fixed wireless or satellite networks in the absence of wholesale input costs below current bundled prices.

As the failure to offer the ELB over fixed wireless networks would be inconsistent with existing uniform national pricing policies, we believe it is unlikely that NBN Co. would fail to offer an equivalent service offering over the fixed wireless network.

*26. Do you consider that NBN Co implementing its revised ELB offer to support a basic speed broadband product would likely have the effect of inhibiting efficient competition?*

ACCAN does not believe that the implementation of NBN Co's revised ELB offer would have the effect of inhibiting effective competition. Although some providers have considerably greater share of the entry level market, ACCAN expects that revisions to the ELB would have the effect of reducing existing and unsustainable cost pressures for these services. A revision of the ELB offer is likely to make this sub-segment of the market more attractive to challenger retailers and as a consequence drive stronger competition for entry level users.

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<sup>5</sup>. Department of Social Services, *Payment Demographic Data June 2019*, <<https://data.gov.au/dataset/ds-dga-cff2ae8a-55e4-47db-a66d-e177fe0ac6a0/details>>.



*27. What changes, if any, should we make to this framework for assessing the likely effect of price related terms and conditions for a basic broadband access product on NBN Co's revenues? What changes to input assumptions should we make?*

ACCAN believes that the framework outlined in the paper is appropriate. ACCAN agrees with the ACCC that the creation of a regulated basic broadband offering may result in a change in the sourcing of CVC allocation inputs and may result in a change in NBN revenue.

The factors driving NBN revenues identified by the ACCC in the paper including the practice of RSPs to purchase an array of wholesale inputs (e.g. 25/5Mbps services) and then shape these services to a 12/1Mbps offering and reallocate bundled CVC to other users is consistent with ACCAN's observations of market behavior.

However, the cost inputs of individual retailers vary considerably with some parties having sufficient scope to re-allocate CVC within their customer base and other entities having limited ability to do so due to the composition of their customers. Accordingly, ACCAN is unable to provide comment on the extent to which existing NBN revenues may be influenced by a shift away from the current composition of wholesale demand for an array of service inputs to a more streamlined approach where reallocation of CVC between consumers is less common.

*28. For RSPs supplying a basic broadband access product on the NBN, please complete the migration forecasts contained within the data request accompanying this discussion paper.*

N.A.

*29. How material a contribution to network provisioning costs would growth in CVC dimensioning for basic broadband access services make?*

ACCAN understands that the network provisioning costs associated with growth in CVC is likely to be a material factor in the cost structure of a basic broadband access service. In ACCAN's discussions with NBN retailers, the significant growth in CVC costs has been routinely identified as a core driver of the total wholesale cost of service offerings.

The significance of CVC costs as a driver of the total costs of services was most recently relayed to ACCAN in the context of the consultations concerning NBN Co's review of pricing where amendments to the 25/5Mbps bundle have resulted in a reduction in the headline price of these services, whilst simultaneously reducing inclusions, albeit at a lesser rate. Although these changes have resulted in an overall reduction in the cost of service delivery ACCAN was repeatedly advised by retailers that these savings would only be realized in the short term (that is Q1 2020) due to increased overage costs.

*30. What level of charges do you consider reasonable for these service transfer and reversal charges? Should these be implemented by way of a price change or via a discount?*

ACCAN believes that service transfer and reversal charges should be minimized to the extent possible in order to ensure that there are no financial barriers to switching services. The reduction in the cost of switching allows consumers to exercise choice and provides an incentive for competitive behavior by retailers.