



20 December 2017

Mr. Rod Sims  
Chairman, ACCC  
Email: [commsmarketstudy@acc.gov.au](mailto:commsmarketstudy@acc.gov.au)

**Re. Competition in the Communications Sector Market Study Draft Report**

Dear Mr Sims,

I write in response to your draft report on the Competition in Evolving Communications Sector Market Study (Market Study). We welcome the focus on consumer experience issues around connecting to the National Broadband Network (NBN Co), the pricing of NBN Co's services provided to Retail Service Providers (RSPs) and the dissemination of accurate information and tools to help consumers understand how to choose the best service for their needs.

NSW Farmers welcomes the majority of proposed actions. Many of the recommendations outlined in the Market Study draft report are imperative if regional Australia is to overcome the capacity constraints and frustrations that form the existing narrative of rural telecommunications. We would like to make a number of comments in relation to the following recommendations that will have a direct impact on the digital divide that currently exists between rural and urban Australia:

**1. Proposed action 6: Wholesale Service Standards Inquiry**

NSW Farmers strongly agrees with the ACCC's assessment that current service level arrangements do not support consumers connected over NBN Co's services. We draw your attention to our original submission and recommendation to address issues with service standards. There is a need for transparent wholesale service standards that place greater accountability on NBN Co in regards to installation time frames, fault repair and service delivery/quality of service across all NBN Co technologies.

In our submission, NSW Farmers suggested establishing a new Special Access Undertaking (SAU) for this very purpose, however we note the delay of the SAU to provide NBN Co and RSPs an opportunity to engage. In the meantime, we are encouraged by the commencement of an inquiry in 2018 and hope this brings the outcomes we seek for our members. This will be a significant and necessary step toward delivering transparent and accountable standards to all facets of NBN Co that affect the consumer.

**2. Proposed action 14: Review of Comparator Websites**

NSW Farmers welcomes the proposed action to review the scope, transparency and ease of use of comparator websites. In our original submission, NSW Farmers identified that farmers continue to experience frustrations when selecting both telecommunications services and products. A vast array of communication products are marketed under a false and exaggerated pretense that upon installment they will instantly improve our member's on farm mobile or internet connection. It is important that farmers as well as urban consumers are aware of and can compare the suitability of service offerings and corresponding products through an independent source.

At the time of writing this response, the ACCC announced that TPG Telecom had misled almost 8000 customers regarding the maximum speed they could achieve on NBN services. In November, the ACCC also discovered that Telstra had incorrectly marketed speeds and was required to compensate 42,000 customers and in December, Singtel Optus was required to do the same for 8700 customers. It is clear that there is an information vacuum in this space that is leaving customers open to misleading information, yet there is no service to provide them an avenue to determine what is correct and what is false.

NSW Farmers supports ACCAN's view that "comparator websites should aid in this, however, their usefulness may be limited if they only compare providers that pay to be part of this service or do not show all providers and plans." A review is an important initial step to establish what information is currently accessible to the consumer. This will

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inform whether there is a need for further intervention to provide increased consumer confidence when purchasing services and products.

### **3. Proposed action 17: Monitor bundled telecommunications products**

NSW Farmers is confused by the ACCC's response in two sections of the Market Study that discuss consumer complaints about bundling services and feel that the two sections contradict themselves.

The ACCC's response at 4.2.4 'Non-price competition - Bundling' seems at odds with the views provided in a different section of the Market Study. In this section the ACCC state, "At present we do not have significant concerns about the extent of bundling by different service providers...there is sufficient variety and competition between these bundles".<sup>1</sup>

However, in section 5.4.5 'Potential barrier to switching – Bundling', the ACCC recognises the competition constraints in the bundling of landline, internet and mobile services to rural and regional consumers. The ACCC notes that, "Where bundling is used for anti-competitive purposes or there is limited competition this can diminish the benefits bundling may offer consumers..."<sup>2</sup> The Market Study further acknowledges that, "A lack of competition is especially relevant in geographical areas where competition may already be limited."<sup>3</sup> Following this, our original submission is quoted regarding the challenges of Telstra being the (in some cases only) predominate provider in regional and rural Australia.<sup>4</sup> This section reads in contrast to Section 4.2.4, in that the ACCC agrees that in certain geographical areas there is not sufficient variety and this constrains the competitive benefits that should accrue to consumers from the rollout of the NBN network.

NSW Farmers feels that the messaging in the two sections is inconsistent and hence we seek clarification of the ACCC's position in the final report.

Additionally, due to the response in section 5.4.5, we do not believe the ACCC's subsequent proposed action of monitoring goes far enough to support clear and easily comparable services for rural and regional consumers. NSW Farmers would like to take the opportunity to remind the ACCC of our original recommendation, that 'ACCC examine a provision that would prevent Mobile Network Operators bundling mobile services with retail NBN services in rural areas'. We ask that the ACCC consider in the final report a provision for rural areas only as it is those consumers who suffer from the bundles services competition constraints and lack of options due to geography.

Further, NSW Farmers supports the second element of the proposed action. We strongly encourage the ACCC to act on issuing guidance to consumers as this will assist to provide increased clarity on what bundle provides the best value in terms of price and services. NSW Farmers offers that the ACCC might consider issuing guidance to regional and rural consumers initially and depending on the response, roll this information out to the broader community.

### **4. Proposed recommendation 21: NBN Co requires flexibility**

NSW Farmers supports this proposed recommendation and looks forward to seeing whether an action is forthcoming in the ACCC's final report. If NBN Co wants to be prepared following the end of its network roll out in 2020, it is important that there is consideration for the future and what pricing and technology flexibility might resemble in the long-term to sustain growth and respond to market developments.

### **5. In support of:**

NSW Farmers would also like to express support for ACCAN's submission, in particular their Section 2 - Services outside the fixed line footprint and Section 3 - Pricing.

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<sup>1</sup> ACCC p63

<sup>2</sup> ACCC Draft Report, p163

<sup>3</sup> ACCC, 163

<sup>4</sup> ACCC Draft Report, 163



Firstly, in regards to fixed internet services, we had a member contact NSW Farmers with a text message from Telstra, informing her that she was running out of time to move her business to NBN Co and that the government will soon start switching off the old copper network which connects her internet and fixed phone services. Upon calling her local Telstra store, she was informed to ignore the text as the information was incorrect for her area.

The ACCAN submission addresses this scenario and identifies that, “While there is no requirement for Telstra to stop selling ADSL services in these areas, Telstra's intentions about these services after the nbn rollout is unclear.” ACCAN notes, “For many consumers access to ADSL internet and landline voice are essential, and future plans for these services should be protected and clearly stated.”

For these reasons, NSW Farmers supports and agrees with ACCAN’s comment,

*In the report there are references to ceasing regulation of the copper network and decommissioning it. ACCAN asks that this wording is amended to explicitly state that this only applies in the fixed footprint.<sup>5</sup> In addition ACCAN request confirmation from the ACCC about its approach to the network outside the fixed line nbn footprint. There will be an ongoing need for the copper network and attendant regulation of access in these areas. In addition, ACCAN believes there is a role for the ACCC to monitor the development of services in these areas. The ACCC should monitor the number of fixed line services that continues to be made available in these regional, rural and remote areas and by providers to understand the changing level of competition in this market. If and where Telstra de-commissions its copper network outside the fixed footprint should be clearly reported and examined.*

Secondly, NSW Farmers welcomes the ACCC’s proposed recommendation 29 to not extend the Regional Broadband Scheme to wireless services. We support the sentiment put forward by ACCAN that, “While these services may be competition for nbn, extending the levy is likely to have a negative effect on competition and ultimately harm consumers.”

Should you want to discuss any of these issues further, please do not hesitate to contact the committee via Isabella McDougall, Policy Advisor, on 02 9478 1066 or [mcdougalli@nswfarmers.org.au](mailto:mcdougalli@nswfarmers.org.au).

Kind regards,

A handwritten signature in black ink, appearing to read 'Sonia O'Keefe'.

Sonia O’Keefe  
Chair, Rural Affairs Committee

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<sup>5</sup> Pg. 46 and pg. 89