



Australian Government

Department of Communications and the Arts

Our Reference: MC17-122217

Mr Adrian Mueller
J.S. Mueller & Co
240 Princes Highway
ARNCLIFFE NSW 2205

Dear Mr Mueller

Telecommunications services in the Prince Henry Community

Thank you for your letter of 4 September 2017 on behalf of the Community Association of the Prince Henry Community at Little Bay to Senator the Hon Mitch Fifield, Minister for Communications and the Arts, Minister for Regional Communications. I am responding on his behalf.

I appreciate your concerns about the level of competition on Pivit's network. I understand that people would prefer greater choice of retail provider and lower prices. Competition, including between retail service providers (RSPs), is an important driver in pushing down retail prices. A key policy objective for the Government is to maximise retail level competition and choice for consumers of telecommunications services.

I note your concerns that Pivit is not meeting the open access criteria in the Adequately Served Policy. When Pivit was granted 'adequately served' status, this was in part because Pivit was assessed to be capable of providing a layer-2 wholesale service on an open-access and non-discriminatory basis. This indicated it could support retail competition. However, as the Department has previously advised, even where a network is open access, it remains a commercial decision for RSPs as to whether or not they choose to supply services in a particular area.

The Department recognises that attracting RSPs onto smaller telecommunications networks can be challenging. Many RSPs may find it difficult to connect to small networks like Pivit due to a variety of factors, including the cost of implementing systems to separately interconnect with different network interfaces. Recognising this, the Government's 2015 Telecommunications in New Developments (TIND) policy provides that industry should minimise the number of business-to-business interfaces or adopt a standard interface for use by all network operators. The TIND policy also provides that NBN Co Limited (nbn) will make the specifications of its interface available to alternative

providers if there is commercial demand for it. This could reduce the cost for RSPs to interconnect with smaller networks. Further information about the TIND policy is available on the Department's website at www.communications.gov.au/policy/policy-listing/telecommunications-new-developments.

The Government is having discussions with industry to progress this policy. This involves technical and operational considerations and requires nbn, alternative network providers and RSPs to work together to find an agreeable solution.

Your letter also refers to passages in the Australian Competition and Consumer Commission (ACCC)'s final decision paper on the Superfast Broadband Access Service (SBAS) declaration inquiry about Pivit and pricing on Pivit's network. The ACCC paper notes that Pivit's retail pricing is relatively high compared to similar offerings on the National Broadband Network. However, this does not preclude Pivit's fulfilment of the adequately served policy criteria, specifically that Pivit provide wholesale services on an open access basis and equivalent to nbn's prices.

Moreover, with the ACCC's regulation of SBAS, Pivit is required to provide wholesale access to its network on price and non-price terms set by the ACCC. Under the SBAS, the maximum price that Pivit and other non-Telstra providers can charge is \$27 for a 25/5 Mbps service. The SBAS regulated price and non-price terms have effect until 28 July 2021. As noted above, however, it is a commercial matter for RSPs whether they choose to seek a SBAS from Pivit in the Prince Henry community.

Thank you for raising this matter. I trust this information will be of assistance.

Yours sincerely



Daniel Tangri
A/g Assistant Secretary
Competition Branch

29 September 2017