



Australian Information
and Communications Technology
in Education Committee

**Submission prepared in response to the Department of
Broadband Communications and the Digital Economy
discussion paper in relation to the review of retail price
control arrangements for fixed-line telecommunications
services.**

November 2011

This submission is made by the Australian Information and Communications Technology in Education Committee (AICTEC). AICTEC is a national, cross-sectoral committee that advises Australian, state and territory Ministers for education and training on the economic and effective utilisation of online technologies in Australian education and training.

AICTEC wishes to see the development of an environment which will make it possible for Australia's education and training providers to make the fullest possible use of communications connections to deliver the best possible educational outcomes that are achievable in a digital world. The education sector is a significant user of telecommunications and requires high speed and high capacity connections within the education system to enable effective communication between educational institutions and between these institutions and other providers of educationally relevant material. Equally important are broadband connections across the wider community, as these will help make education and training more accessible and promote strengthening of relationships between educators, students, parents, employers and community organisations.

In the context of supporting the deployment of fibre connections to schools, in 2008 stakeholders identified key principles which underpin an agreed vision for connectivity of schools into the future¹, one of which is:

- *affordability* – the vision of affordable high speed broadband connections for schools is one where the schools can afford to use such connections to their full potential. This will be possible under charging models for data network services that are predictable and minimise the recurrent costs, such as subscription based charging, or pricing that is not volume or distance/location based. The issue of affordability has long been identified as a major barrier to high speed broadband uptake and utilisation by Australian schools.

The sector is therefore interested in mechanisms by which affordability of communications connections and their utilisation can be encouraged.

AICTEC notes that currently there is a range of price controls applying to Telstra, one of which relates to retail pricing for line rental to schools. (As outlined in Attachment A to the discussion paper, the Determination requires Telstra to offer schools access to rates for the most popular residential line rental service available.)

Against this background, AICTEC makes comments on some of the issues raised in the Discussion paper for the Review of Retail Price Controls. AICTEC's comments are limited to the three questions below.

¹ The vision of connectivity for Australian schools was developed by the Department of Education, Employment and Workplace Relations in consultation with education stakeholders. The vision paper can be found at <http://www.deewr.gov.au/Schooling/DigitalEducationRevolution/HighSpeedBroadband/Pages/ImplementationApproach.aspx#> a vision of connectivity for Australian schools

- Q1. To what extent are retail price controls beneficial to consumers? In what circumstances are they needed as a substitute for competitive market pressures? To what extent do they limit competition?
- Q3. Should price controls remain in place for services over the copper network during the NBN deployment?
- Q12: What transitional arrangements might be required should price control arrangements be changed?

As noted above, a key principle for education relates to affordable ongoing pricing.

AICTEC has previously noted that to this end, it may be useful for schools to have a price control on standard line rental. A requirement to offer line rental at the most popular residential line rental rate may well mean that schools can have access to lower line rental costs than would be the case without the price control.

In some cases this price control is not utilised, for example, because whole of government contracts enable purchasing at business access rates with offsetting benefits; or because the use of PSTN services is declining.

It is also possible that in the longer term and in a NBN environment, a line rental price control may not be of benefit in terms of overall pricing for communications services. For example:

- It is also important that pricing for usage of this line and fibre connections is predictable, and it may therefore be preferable to have a larger up-front cost relating to line or fibre rental with smaller daily usage related costs.
- Alternatively, a higher one-off installation charge would be preferable if it enabled lower monthly line rental and lower usage charges.

However, AICTEC continues to support retention of price controls in the transitional period until NBN is rolled out. There may be less competition for provision of services over copper as NBN rolls out.

AICTEC considers that whilst the copper network remains in operation some form of price control or price monitoring should remain in place. It is important that Telstra continues to provide copper-based data services in non-fibre areas at a reasonable price until NBN network is fully rolled out. This is particularly important in areas that are not in the NBN fibre footprint.