

## NATIONAL BROADBAND NETWORK

Comments by: The Small Enterprise Telecommunications Centre Limited (SETEL)

The primary role of SETEL is to advance the interests of small, micro and home businesses as users/consumers of telecommunications services. Its objectives are to:

- Advance and represent the interests of Small, Micro & Home Businesses in telecommunications to: governments; the Federal Public Service (in particular DBDCE); the ACMA and the ACCC; the telecommunications industry and to other government-related areas impacting on the Small Business sector.
- Actively participate in Communications Alliance code development programs and other CA activities, which have a bearing on Small Business.
- Raise awareness of telecommunications issues in the Small Business sector.
- Promote developments in telecommunications to the Small Business sector to increase the level of understanding of telecommunications issues and policy development and to foster greater input into policy debates on such matters.
- Provide briefing on telecommunications to the Small Business sector, mainly through industry and member associations.
- Seek to raise the level of participation by the Small Business sector in telecommunications industry fora.
- Provide a forum and co-coordinating role for Small Business in relation to the widespread adoption of electronic commerce.
- Continue liaison with consumer and user group bodies and representatives in the telecommunications sector and other industry associations involved in the telecommunications industry.
- Recognise and promote the needs of different size related categories of small business - home and non-employing businesses, micro businesses (5 or less staff), larger small businesses (including rural businesses) and medium size businesses which make up the SME sector.

The main source of revenue (93%) is by Commonwealth Government Grant: “The Small Enterprise Telecommunications Centre Limited (SETEL) is supported by the Commonwealth through the *Telecommunications Consumer Representation Grant* Program of the Department of Broadband, Communications & the Digital Economy”.

SETEL is the main source of representation of small, micro and home business interests in telecommunications and e-commerce.

SETEL was established in 1992 as a not-for-profit company limited by guarantee, and is governed by a Board of directors, appointed annually at the AGM. Further details are available on the website: [www.setel.com.au](http://www.setel.com.au).

The Small Business Coalition membership, broadly covering State and regional business organisations, forms the core membership base for SETEL at present. Micro and home businesses are represented by the Micro & Home Business Association (MHBA).

SETEL has participated in the telecommunications industry's self-regulatory body - Communications Alliance - in all of its Consumer Code development processes and other consumer-related activities. SETEL is primarily concerned with the development of codes of practice and guidelines that address industry behaviour and activities in relation to small business and residential consumers.

## Comments

- Competition in the Telecoms Market

SETEL initially welcomed the awarding of the OPEL contract as a means of achieving a speeded-up process of supplying much needed faster data services to non-metropolitan areas. It matched well with the competition model. However the network proposals seemed to be in conflict with plans for a FTTN network, initially promising desired competitive services but in danger of redundancy if access to a FTTN network was not guaranteed.

The cancellation represents a lost short-term opportunity to obtain better services in regional areas and a promised remedy to regional backhaul issues. A new model is still needed to render competition sustainable in regional areas otherwise reliance must return to a virtual monopoly (with cross-subsidisation capabilities) or a much smaller number of real full-service national telcos contesting market share and profitability.

SETEL is vitally interested in the outcomes of the deliberations of the National Broadband Network panel of Experts as many small, micro and home businesses (particularly those outside inner metropolitan network coverage) have been tempted by, but regularly denied, promises of high speed broadband.

SETEL policies seek an ICT scenario in which Small Businesses can take advantage of developing communications technologies to improve their business operations, expand into global markets and maintain a competitive balance with big business.

We are mindful of the claims or plans for data speeds of 12+Mbps and consider the initial aim for such a quantum to be more than adequate for the current needs of the majority (apart from specialised ICT services) of small, micro and home businesses, particularly if it can be achieved via base-level generic network supply.

SETEL contends that a significant proportion of the S (Small) segment of the SME market has less than satisfactory skills, knowledge and awareness of ICT, how it can fully benefit their business operations, how to implement products/services successfully (without specialist external assistance) and how to remedy faults.

Recent studies have revealed that most Small businesses are not getting value from ICT because their scale & level of operation is insufficient to take advantage of all or most of the components built into modern IT systems, software or hardware, including mobile handsets.

SETEL's research indicated that a significant proportion of SME solutions are targeted at businesses comprising 50 or even 100+ employees. These scaled-down big business solutions are still too complex for most small, micro and home businesses.

Added to this is the situation of most Small businesses being time-poor and the problems associated with the typical off-the-shelf/DIY ICT solution become paramount. Demographics of age, location, training and lack of ICT skills need to be factored in.

Small businesses need ICT solutions that are affordable and effective in adding value to the business without requiring the attainment of an additional layer of expertise simply to render systems functional. Network systems, delivery technologies and technical jargon simply add to the complexity of upgrade decisions and can delay implementation.

SETEL recently raised with the Minister for Small Business, at the National Small Business Forum in Sydney on 10 June, the concept of an ICT Mentoring Scheme for small, micro & home businesses involving qualified IT professionals being resourced to guide small businesses through the process of implementing a complete suite of communications, computing software & hardware, security and business systems services for more efficient operation of their businesses.

If a ubiquitous high-speed broadband network with affordable and accessible services is available to the majority of small, micro and home businesses the problem will still remain of integrating those services into the business environment. However one less element in the IT skills deficit in small businesses will have been resolved provided competition offers suitable services that are easy to implement.

- The National Broadband Network

SETEL is dismayed with the slowness of the process of providing widespread, affordable access to reasonable broadband data speeds in this country. The promises of real & effective ongoing competition following the introduction of the Telecommunications Act (1997) have not been adequately met, apart from the mobile telephony sector (albeit at considerable high cost to users) and basic ISP services. Too little focus has been placed on factors other than price-based competition; however SETEL recognises that policy failure, regulatory gaming and risk/uncertainty associated with investment have affected the capacity of network and service providers to record reasonable levels of profitability commensurate with increasing retail market share.

SETEL's policies recognise the merits of non-carrier ownership of network infrastructure so as to avoid supply bottlenecks and access discrimination. We recognise the need to review these policies in the light of current developments (considered to be in the right direction) but see them as relevant in this submission to highlight the need for an alternative to an exclusively carrier-owned network dominating communications supply throughout the non-metropolitan areas of the nation.

SETEL Policy extract: *“If a single carrier is not able to deliver the necessary level of broadband services throughout Australia provision must be made for telecommunications consortia or community co-operatives to provide the mandated services, particularly in areas where a single ‘notional’ carrier would apply an argument of lack of commercial viability as a reason for non-supply.”*

SETEL notes that the Minister has called for the lodgement of details of carrier network facilities so that accurate decisions can be made about matters such as undersupply or lack of competitive access in relation to adequate broadband services.

- Urgent Removal of Existing Network Impediments

SETEL contends that there is an urgent need to remove existing network impediments (RIMS & Pair Gains) that inhibit the supply of even basic ADSL services in a number of metropolitan and outer metropolitan areas of Australia. This should be the 1<sup>st</sup> priority, or even a condition of providing a subsidy/financial contribution package, of any FTTN network program or equivalent.

Residential and Small business users in “affected” underserviced areas need to be offered equivalent basic broadband services to those in metropolitan areas. This would remove frustration & complexity about service offerings; it would enhance short-term competition (very relevant if any FTTN or upgraded network developments were to take up to five years to implement) and, provided such upgraded networks had the capacity for scaleability, would encourage increased usage of data services.

SETEL has long maintained that the lack of effective reasonable data speeds available to Small Businesses has inhibited the uptake of software solutions and this in turn has inhibited the development of ICT applications for the small business sector.

- Interim Measures

High-speed broadband users often migrate through ADSL & equivalent services before accessing fibre or cable services. Given the five year timeframe for the completion of the NBN rollout there is a definite need for the vast majority of existing exchanges in Australia to be upgraded to ADSL, and progressively to ADSL2, without delay to enable users to experience faster data speeds and the additional range of services associated with those faster services.

Small, micro and home businesses do not have, as yet, a substantial range of applications available that contribute to the value proposition of the business. Faster broadband should encourage the development and marketing of an extensive range of innovative services and applications for business purposes. Information and entertainment services do not rate high in the value stakes for business users.

- Selecting Technologies

Governments have been reluctant to specify technologies for which subsidies will be provided. However it is apparent that Fibre technologies will not be commercially cost-effective for many areas of Australia, generally those outside the footprint of larger population centres, so alternative non-fibre technologies should be identified and supported to provide equivalent (or near equivalent) services in those areas.

SETEL is concerned that one carrier's initial proposal seemed to be limited to providing Fibre-based services to approximately 60% of the population, thus leaving 'someone else' to find a solution for the remainder. There have been indications that this "60% solution" may proceed regardless of Federal Government support.

The National Broadband Network must be national but need not be a single solution or a single network. Network developments should address the demographics of users in all areas of Australia in order to provide a defined minimum set of services (a virtual broadband USO) with scalability options made available for additional services.

SETEL fears the loss of the concept of competitive supply, contributing to the long-term interests of end users, if one major market participant is permitted to exercise dominance over the network or substantial parts of it. SETEL has noted slowness in roll-out of new technologies in circumstances where little or no competition prevails. However the important element of cross-subsidisation has been an essential factor in the provision of access and services to certain sectors of the user community. Federal subsidies or contributions should be offered with caveats to ensure that recipients of such services can continue access at affordable rates.

- Long-term Interests of End-users (LTIE) – a Test for Competition

SETEL contends that the LTIE test is not delivering the desired outcomes. From the perspective of the small, micro and home business user of telecommunications services most, if not all, of the current competition in fixed networks services is price based. Most of the investment in infrastructure or equipment by competitors or access seekers relies to a significant degree on the Telstra network. Competitors are seemingly unable to earn adequate profits to invest in new equipment/infrastructure and thus contribute to the aims of the LTIE test. Many competitors/access seekers seem unable to develop a sustainable market presence to be able to continue to innovate or add value to resale services.

The risks in extensive reliance by access seekers on wholesale connection to Telstra's network remain excessively high. A change of competitive stance, similar to that currently being seen or 'threatened' in the marketplace, can add significantly to that risk.

End users are benefiting from price based competition or selected reductions in wholesale pricing by the major network operator, which then flow on to the end user through the pricing offered to them by access seekers. Margins are thin and very vulnerable, thus the

gains to end-users are mainly short-term as few competitors derive sufficient profit to plough funds back into investment.

Small business users, in the main, are rapidly adopting contestable domestic-grade low broadband services as a result of price-based competition. In the interim this is fine but there is little incentive to move to business-grade services with additional features and applications more relevant to business operations. The high risks associated with investment in this market segment by competitors is denying end users the opportunity to experience new and emerging services resultant from a dynamic market environment in which competitors are striving to differentiate services according to value or scope rather than simply by price. Vanilla should not be the prescribed 'flavour' for the market.

SETEL questions whether it is merely sufficient to continue to rely on the short-term benefits of price-based competition. SETEL considers that significant opportunities and momentum are being lost by not concentrating on the elements of "contribution to investment" and the impact of risk in today's telecommunications environment.

SETEL is not convinced that measures implemented towards the end of the term of the previous Government will have the expected immediacy of impact in the telecommunications market by encouraging competitive supply of currently available or merging services. The fragmented structure of the market is a key impediment. Too much tension seems to exist between suppliers of services and the result of infighting in the media is diminishing user confidence in alternative technologies that could adequately meet their immediate needs for faster data services.

SETEL contends that the bulk of the benefits of competition in the telco industry have affected big and medium businesses and, to an extent, those small businesses located in areas heavily populated by big and medium businesses (mainly CBDs). The majority of small, micro and home businesses are located in areas outside CBDs. We note that the proposed FTTN roll-out is deemed not to be economical in areas with less than 100,000 population so alternative methods of supply will be needed to provide the 'smaller' centres with adequate or equivalent data speeds.

- LTIE from a Small Business perspective.

Telcos will roll-out infrastructure to markets of sufficient size and compactedness to provide a commercial return. Hence we find the majority of the 160+ holders of carrier licences operating in heavily populated areas leaving a small minority to service the more sparsely populated areas. A tendency for over-reliance on resale can provide an element of competitive supply but poor margins and input cost uncertainty do little to guarantee quality support services to residential and small business consumers.

Unfortunately product differentiation is the new innovation in many parts of the telecommunications market in which lack of comparability exacerbates the problem.

An immediate interest of a small business user is access to affordable data speeds commensurate with their current & short term needs. Extending the time horizon, these interests include scalability or replacement of those services to encompass a growing number of applications added to enhance the effectiveness of the operations of that business. Under the current scenario upgrades or replacements can be generally very disruptive to a business and often do not deliver full value.

An LTIE test for a small business would be whether the technology delivered gains in terms of improved operations, greater efficiency, business growth, increased profitability and improved lifestyle for the proprietors. For most it is not feasible to seek to attribute all or most of those gains directly to the new or improved technologies since better broadband can also deliver informational and educational opportunities.

We need progressive steps to get us to that desired end-point and perhaps continued reliance on a competitive market model will not be appropriate. As indicated earlier, competition in the telco market in Australia is not delivering technological advancements in a speedy manner and at a price acceptable to the majority of consumers.

Small, micro and home businesses would welcome a mature communications market in which adoption of new services and technologies was rendered quick, simple and affordable (the latter in terms of adding value to the business operations). The next step should be to foster strong competition from a considerably reduced number of suppliers intent upon product/service improvement rather than reliance on price-based competition.

- Options for Consideration

SETEL notes increasing industry ‘acceptance’ that a natural monopoly is probably the best solution for Australia’s broadband woes. This view will assist in the perhaps premature awarding of the FTTN contract to Telstra since it is better placed to roll-out services more quickly to a significant proportion of the population.

Their ‘track record’ of being very slow to introduce merging technological developments and stated aim to provide ‘premium services at premium prices’ suggests that such a choice would deliver only short-term gain followed by substantial revisiting of competition pain later.

SETEL policies seek an ICT scenario in which Small businesses can take advantage of developing communications technologies to improve their business operations, expand into global markets and maintain a competitive balance with big business.

SETEL’s policies state: All Australian small & home business telecommunications users should have access to competitively priced, innovative, quality services equivalent to, as far as possible, world’s best practice.

- Competition: SETEL favours strong competition between telecommunications carriers & service providers. Regulation, policies &

funding programs should be designed to foster innovation & the development of competition in a range of services throughout Australia with the aim of delivering pro-competitive outcomes for all end users.

- Innovation: SETEL encourages the development & deployment of new technology & services as a way of fostering competition & encouraging adoption of e-commerce & new applications e.g., IP & Wireless based services.
- Funding the USO: SETEL believes that the Universal Service Obligation (USO) should be funded by the three tiers of Government to conform to social policy and regional development initiatives. (Alternatively USO contributions could be directed to an industry infrastructure fund to enhance provision of competitive infrastructure & services in all areas.)
- Access: SETEL believes that any-to-any connectivity is critical to effective competition & to end-users. Access to competitors' networks should be provided on cost-based and non-discriminatory price & non-price, terms & conditions.
- Anti-competitive behaviour: SETEL believes that market power should not be allowed to stifle competition. Regulatory authorities should try to prevent abuses of market power by using information-gathering & reporting powers to keep markets informed. Regulatory authorities should have the powers and resources to respond quickly & effectively to instances of abuse of market power.
- Broadband connectivity: SETEL believes that all Australian small & home business users should have DSL-equivalent access at speeds of at least 512 Kbps and broadband access at speeds of 2Mbps or more, in the short term. To maintain competitiveness, Australian users should have broadband availability, speed, data download & prices at world's best practice. Government policy & funding programs should foster innovation & deliver pro-competitive outcomes for end-users.
- Regional Communications: SETEL believes that users of communications services in non-metropolitan, regional, rural & remote areas of Australia should have access to the same range of services, at the same prices & levels of service as metropolitan users.

SETEL has waited for many years for a progressive approach to resolving the lack of availability of scaleable affordable broadband services to all Australians. The impact of network impediments (RIMS & Pair Gains), the incomparability of services, the complexity of terminology & the frustration from unrealised promises has rendered many small, micro & home businesses very sceptical about emerging ICT technologies.

The NBN deliberations have an opportunity to make a real impact and thus affect telecommunications developments for the next decade in such a way that users can become able to enjoy those developments without having to divert excessive time and effort into awareness of how to best implement systems and services.

A good set of solutions is required and SETEL is mindful of the danger of seeking to find a quick compromise solution rather than establishing the building blocks of a future dynamic telecommunications environment through prudent policies underpinned by Federal Government support.

A reasonable timeframe for the life of NBN infrastructure, on which to base a suitable rate of return, needs to be established taking into consideration the utility nature of much of the infrastructure facilities.

It would be useful for the Government to indicate the parameters of “return on Commonwealth investment” including any period of return (if feasible) and the method of contribution/payment to the Commonwealth. A form of cross-subsidisation for non-commercial services could be considered in lieu of a payment of a dividend.

SETEL does not want to see Government funds being provided for networks that would have otherwise been rolled out under ‘normal’ commercial investment decisions (over time). Nor do we wish to see extensive Government funds being used, indirectly, by a single successful carrier to create a lesser form of competition in the telecommunications marketplace under a bitstream model.

As mentioned earlier, SETEL sees the need for a greater level of involvement by the ACCC in service access and end user product pricing practices.

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Appendix: SETEL Policies.

Programs to facilitate access by small & home businesses to faster data services.

- 2.1 SETEL wishes to see tangible Government policy and program advancements to ensure that effective competitive supply of broadband (wireline, ADSL and cable) services is fostered throughout Australia.

Small & home businesses can benefit from the implementation and rollout of wireless services in the short to medium term as their requirements for very high speed data services have not yet been developed, mainly due to the paucity of applications available. Geographic availability & price sensitivity remain key inhibitors to adoption of wireless services by many small, micro & home businesses.

The “Build it and they will come” concept of infrastructure development has not been successful with the small & home business sector. The lack of an identifiable value proposition remains a key factor. Furthermore the supply side of the industry places excessive reliance on the user/demand side to comprehend and assimilate complex technologies. For time-poor small & home businesses the reliance on DIY services & the growing threat of malware create significant barriers to adoption.

Guidance for Users of New Services.

- 2.2 SETEL supports the development of trusted intermediaries and local/regional ‘ownership’ models so that assistance and guidance is made available to users in order to facilitate uptake of new services.

(Continued reliance on service providers and channel partners to retail products and services, of growing complexity, to small and home business users is holding back adoption rates.)

SETEL accepts that many small and home businesses are fearful of the impacts on future supply of services and provision of new services in non-metropolitan areas following the sale of the remainder of Telstra. Reliance on current regulatory mechanisms is not considered to be adequate. Users remain unconvinced that the marketplace will supply the required services and level of service in all areas of Australia. Commercial activities to date have seen too many new service offerings limited to metropolitan areas (understandably in many cases where a certain level of user base is critical for success).

Regional or Community Influence is Important.

- 2.3 SETEL supports programs to incent regional communities to gain influence over local infrastructure facilities to foster competitive supply of services.

In the complex communications market there are several scenarios for competitive supply ranging from simple resale of another's services to full competition. In Australia it is rare for Telstra to be out of any market for long if a new technology shows promise or poses a threat to existing markets. Many of the new entrants have promised or promoted their intention to service the SME sector but few have been successful. The benefits of competition have mostly been experienced by big business and government users. Too often small and home businesses are faced with little or no choice of provider and no access to newer technologies.

Formerly competitors blamed lack of access, at reasonable prices, to 'last mile' infrastructure – that connecting the end user to the exchange. Following some breakthroughs in that area the competitors are complaining about backhaul costs – prices of accessing the major networks between exchanges and being able to channel significant amounts of data across that infrastructure.

Equivalent Costs throughout Australia.

- 2.4 SETEL supports the aim of achieving modern data services being supplied to small and home businesses, at costs equivalent to city services, throughout Australia.

In the longer term, adequate levels of competitive supply provide the answers to provision of better and upgradeable services. The cost of telecommunications infrastructure is a major disincentive to investment and inhibits implementation of innovative services.

Separate Infrastructure Providers

- 2.5 SETEL considers there is merit in separating long-term infrastructure components (which can provide economic returns for up to 50 years and longer) from other forms of infrastructure requiring faster payback times.

Information on Availability of Broadband Services

- 2.6 SETEL advocates there is a need for a Register of Designated Areas in which there is deemed to be zero or unsatisfactory availability of broadband services to small business and residential consumers at affordable rates, equivalent to those payable by counterparts in metropolitan areas.

Information on Competitive Supply of Broadband Services

- 2.7 SETEL advocates the need for a Register of Designated Areas in which there is deemed to be zero or unsatisfactory competition in the supply of broadband services available to small business & residential consumers at affordable rates, equivalent to those payable by counterparts in metropolitan areas.

#### Proposals for Future Development

- 2.8 National Infrastructure Program – Governments to promote (and subsidise if necessary) a national program for the installation of infrastructure in metropolitan, outer metropolitan, regional and rural communities (including country towns in excess of a population of 250 persons) and where there is a lack of critical infrastructure to provide competitive access to broadband services to enable regional communities to have greater influence over communications services of relevance and benefit to their communities.

The development of broadband networks in Australia can be viewed as a form of long-term critical infrastructure. Governments will have an increase responsibility to foster networks and infrastructure that enable them to achieve efficiencies in delivering e-government, e-health, e-learning and e-information. Wireless services can offer 'gap fillers' as well as viable communications facilities and in the short to medium term can be seen as having the potential for overcoming infrastructure limitations, delays in network deployment and avoiding the high costs of wireline broadband access.

#### Access to Backhaul Services

- 2.10 SETEL prefers open access to backbone infrastructure for consumer-related communications services due to a strong element of public good being involved.

If a single carrier is not able to deliver the necessary level of broadband services throughout Australia provision must be made for telecommunications consortia or community co-operatives to provide the mandated services, particularly in areas where a single 'notional' carrier would apply an argument of lack of commercial viability as a reason for non-supply.

#### Tier 3: Programs to Raise Public Awareness

SETEL considers the following to be important in terms of de-mystifying the availability of ADSL services in certain areas. Potential users need to be aware of the likelihood of failure to obtain an ADSL service because of non-provisioning of an exchange, the limitations of the cable run (distance from an exchange) or the existence of limiting devices such as pair gains/RIMS.

## Registers of Service Coverage and Barriers to Service

- 3.1 National Register of ADSL-enabled Exchanges – maintain an independent register of all telephone exchanges in Australia that enable the provision of ADSL services to users in that region.
- 3.2 Area Maps to signify reach of ADSL/ADSL2 services from exchanges - maintain an independent register of spatial and area-specific information relating to telephone exchanges in Australia that have been made ready for the provision of ADSL/ADSL2 services to users in that region to indicate the ready availability of ADSL/ADSL2 services in that region or area.
- 3.3 Publicly available register of existence of RIMS/Pair Gain features- the Commonwealth Government to maintain a current register of the location of all network facilities such as RIMS & Pair Gains that affect the provision of ADSL services to users supplied by exchanges denoted as ADSL-enabled.

## Expanded Accessibility of Currently-available Services

- 3.4 SETEL sees merit in making currently available services more accessible to potential users as an important interim measure.

For a significant number of small, micro and home-based businesses, the availability of faster data services through ADSL can achieve efficiencies within their businesses and will foster the development of new applications as well as usage of a wider range of existing applications. Lack of access to low broadband speeds (256Kbps) is a major factor in inhibiting the use of the internet for the purpose of improving business transactions and activities.

## Accuracy of Information

- 3.5 SETEL proposes a process that assists businesses (and residential consumers) to ascertain the true state of accessibility to faster data services provided by ADSL/ADSL2.

Frustration can develop when a potential ADSL customer is advised that ADSL is 'available' from the local exchange but actual connection is rendered impossible or not-readily-achievable by excessive distance (by cable run) from the exchange or the existence of 'in-place' technologies.

Tier 4: Regulatory Measures (Activities designed to facilitate competition).

Structural separation of Telstra cannot be achieved in a short time. Proper analysis of the options and rationale, followed by implementation of any recommendations would take years to effect. A more immediate or shorter-term

solution is necessary. Self-imposed structural separation is reversible and thus non-permanent.

In order to give competitors & access seekers the opportunity to enter into the market in a manner consistent with the aims of regulatory intervention & Government policy a more transparent form of operational separation within the major network owner is essential.

4.1 SETEL favours Operational Separation of the wholesale & retail activities of Telstra to create an effective 'arms length' split.

Services should at least include those applicable to Residential and small business users.

4.2 SETEL considers that the basket of services covered by the operational separation process should encompass at least all those 'declared' by the ACCC with scope for additions under the normal declaration framework.

For simplicity it might be preferable to include all services in the wholesale/retail split. Ideally, SETEL wants covered those services that provide primary benefits to small and home business users.

Speedier Process for Declaring New Services.

4.3 SETEL believes that, in order to stimulate competition, there could be a fast-tracking mechanism for new services for which declaration was sought.

Competitive Markets

4.4 SETEL accepts that in contestable markets where satisfactory competition has evolved some regulations may no longer be needed.

4.5 SETEL believes that, in addition to the structural separation requirements, the ACCC needs to be given extra powers to deal swiftly with anti-competitive behaviour.

- *The ACCC to be given more power to influence/enforce price setting and pricing undertakings so that Regulator-set prices were applicable to the marketplace.*

Small business customers are faced with the dilemma of selecting a one-stop-shop provider for all services (perhaps with bundling discounts) and locking themselves into a long-term contract rather than 'playing the market' for a range of competitive services. In many areas there is no competition – due to lack of access or lack of willingness of competitors to invest.

Competition policy favours long-term benefits to end-users. Additional powers for the ACCC would encompass measures to severely punish carriers from acting contrary to the Trade Practices Act, such as forcing a carrier to divest itself of a business stream or business entity if found guilty of predatory, discriminatory or otherwise illegal conduct.