

Assessment of Telstra's ULLS and LSS undertakings relating to connection and disconnection charges.

SETEL comments.

SETEL agrees with the ACCC view on disconnection fees.

The requirement for an upfront payment for disconnection is considered to be unfair. Is any allowance made for disconnections due to 'win back' activities by Telstra, where the service is transferred back to Telstra as a result of marketing or other processes?

SETEL appreciates the need for an LTIE test but remains somewhat sceptical of its application or short-term relevance. There is a need for access seekers to be able to establish a sustainable market base to earn profits before being in a position to make investment decisions – which eventually produce benefits for end users.

While the issue of operational separation is being resolved, SETEL remains concerned about the practice of Telstra selling some services to its Retail arm at prices/costs below the "wholesale" prices charged to access seekers for the identical services. Loss leading seems to be permissible in any retail market only for a short time, in a limited manner and accompanied by extensive promotion featuring price reductions. This does not appear to be the case in the telecommunications market.

SETEL does not believe that price-based competition is a major contributing factor in the Long-term Interests of End-users. The market share of access seekers may be increased but there appears to be little or no contribution to profitability thus a paucity of contribution to future investment in new or replacement technologies or infrastructure. We continue to see cash burn from risky ventures following the philosophy of 'build it and they will come'. A conservative, short-term approach to competition renders many access seekers and suppliers vulnerable to increases in wholesale prices imposed by network owners.

Managed Network Migrations

SETEL believes that there must be economies of scale achievable from managed network migrations of certain quantities and suggests the introduction of a scale of fees/charges reflecting the quantity of changes made. A minimum benchmark of 50 is considered far too high before a discounting factor is applied. A lower benchmark is advisable. A single migration could attract a certain fee with multiple migrations of increasing quantities incurring progressively higher levels of discount.



Access seekers, and eventually end users, would benefit from a 'published' scale of fees for migrations. Advantage could be taken off large scale migrations following marketing campaigns and access seekers would be able to more accurately set prices based on quantity discounts, hopefully passed on to end users.

SETEL envisages this scenario increasing in frequency if Government subsidy programs such as HiBIS, Metropolitan Broadband Connect and Broadband Connect encourage much greater uptake of low broadband services through services including ADSL.

In summary SETEL agrees with the decision by the ACCC to reject Telstra's undertakings on ULLS and LSS as not being reasonable. While we have to continue to rely on price-based competition in the provision of certain telecommunications services to small business and residential consumers, access to existing networks and infrastructure needs to be provided to a competitive market in a manner of fairness, certainty and within the parameters set by the market regulators.

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