

## **THE SMALL ENTERPRISE TELECOMMUNICATIONS CENTRE LIMITED**

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 Business in telecommunications to: governments; the Federal Public Service (in particular DCITA); the ACMA and the ACCC; the telecommunications industry and to other government-related areas impacting on the Small Business sector.
- Actively participate in ACIF code development programs and other ACIF 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-ordinating 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.
- Seek to recognise and promote the needs of different size related categories of small business - home and non-employed businesses, micro businesses (5 or less staff), larger small businesses (including rural businesses) and medium size businesses which make up the SME sector.
- Seek the establishment of consultative mechanisms with carriers supplying the small business market.
- Seek to determine and address solutions for the adoption of e-commerce by associations and their members.

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 forms the core membership base for SETEL at present. This broadly covers State and regional business organisations. Micro and home businesses are represented by the MHBA.

SETEL has participated in the telecommunications industry's self-regulatory body - Communications Alliance (formerly ACIF) - in all of its Consumer Code development processes. Participation in industry code and other consumer-related activities and processes, where there was a case for representation of small business interests, was also accomplished.

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.

SETEL representatives (Executive Director and Chairman) spent a combined total of over 14 years on the Council of the Telecommunications Industry Ombudsman and gained substantial experience in the operation of industry ADR schemes.

### **SETEL Submission to Productivity Commission - Review of Australia's Consumer Policy Framework.**

SETEL agrees in principle with the Commission's high level objective for the future policy framework being:

'to promote the confident and informed participation of consumers in competitive markets in which both consumers and suppliers can trade fairly and in good faith.'

supported by the following operational objectives:

The consumer policy framework should efficiently and effectively aim to:

- ensure that consumers are sufficiently well-informed to benefit from, and stimulate effective competition;
- ensure that goods and services are safe and fit for the purposes for which they were sold;
- prevent practices that are unfair or contrary to good faith;
- meet the needs of those who, as consumers, are most vulnerable, or at greatest disadvantage;
- provide accessible and timely redress where consumer detriment has occurred;
- and
- promote proportionate, risk-based enforcement.

### **Small Business-specific Comments**

Small businesses can contribute to this objective if, as both consumers/users and providers/suppliers in their respective markets, they are subject to far less (unnecessary) regulation, provision of better information and services on their own behalf and are provided with access to higher levels of consumer support services to resolve problems faster and more effectively so as to be able to concentrate on improving services to customers in a competitive marketplace environment.

Pan-Australian regulation will be beneficial to many small businesses as the plethora of different and cumbersome State and Territory regulations can make interstate transactions a nightmare. In addition these regulatory differences often cause

significant and unnecessary delays and impediments in relation to recognition of qualifications and licensing obtained in another State. This hinders employment procedures.

Small, micro and home businesses are generally recognised as being time-poor. Reductions in regulatory burdens would allow these businesses to devote more time to core activities – a prime element is servicing customers. This scenario also applies in the circumstances of small business as consumers requiring access to information, support or dispute resolution services.

In this respect they should be classed as a special category of consumer whereby time and financial constraints can impact significantly on the health and viability of the business, thus affecting their capacity to service their customers and to participate effectively in a competitive marketplace.

Many Industry Dispute resolution processes fail to address the problem of consequential loss for small business consumers. The programs address the root problem but do not recompense small business complainants for loss of business caused by the complaint issue or the time/resources spent on pursuing the complaint. Consideration needs to be given to providing a remedy for this inadequacy otherwise a growing number of small business will become disillusioned with ADR schemes.

There is merit in promoting increased small business membership of relevant industry associations to achieve increased benefits from voluntary codes of practice and associated compliance mechanisms plus improved awareness of 'better/best' practice in product/service supply and customer relationship activities.

It is important that any revamped consumer policy framework apply to small, micro and home businesses as consumers in their own right. Their contribution to the economy, employment and consumers in general is vitally important and can be enhanced by more efficient participation.

### **Consumer-related Comments**

SETEL sees merit in the application of a consumer policy framework through a central Federal body but warns of inefficiencies from this process:

- loss of competitive tension from progressive State views,
- the propensity for loss of more immediate application and direct impact through existing State and territory resources and networks, and
- the potential loss of faster local response to issues and problems (conditioned by local/regional priorities).

It is essential that, in a Federal scenario, the "lowest common denominator" approach is avoided. The establishment of a series of national benchmarks would assist with the development of improved consumer policies covering all States and Territories.

SETEL considers that regulation is only part of the process and that emphasis must be placed on information and support for consumers as well as guidance provided to industry/supply side. The self-regulatory process provides another very important

layer of consumer protection (under the regulation layer) and contributes to the objective of ‘well-informed consumers’, hopefully via better performing suppliers.

Industry-specific regulation has a place in circumstances where market immaturity or behaviour necessitates action additional to generic competition regulation in order to avoid abnormal levels of consumer detriment. Markets in which complexity and technology of product/service offerings do not match consumer understanding (and thus capacity to make an informed decision) are cases in point.

SETEL perceives an emerging problem whereby issues that do not breach laws/rules (and thus do not trigger enforcement action) still cause consumer detriment or confusion and are not covered by appropriate remedies. ICT products/services are classic examples with many newer and emerging products/services becoming overly complex or beyond the knowledge of large cohorts of the consumer base. Supplier failure to address technology interface (compatibility issues) remains a problem for many small businesses not having the time or skills to comprehend the consequences of altering one or more components of an activity chain.

A focus on price-based competition can lead to a decline in customer support, particularly in the case of after-sales service, help desks and the outsourcing of customer service centres overseas.

### **A Federal Approach**

SETEL is concerned that the current ACCC profile is skewed towards a ‘big business’ orientation in which the focus is generally on “Competition” rather than “Consumer”. The current Federal process generally targets large important cases. A system is needed for smaller cases and emphasis must be placed on adequately servicing those consumers who feel disempowered to lodge complaints or seek redress for problems.

Improved consumer education programs and facilities are an essential first step.

SETEL sees merit in the establishment of a national Consumer Co-ordination body to enhance all consumer representation activities and to facilitate the conduct of additional research plus the promotion of outcomes and broader consumer awareness.

There is still a role for the multitude of local and regional consumer action and enforcement bodies or authorities and these must be adequately resourced to maximise the speedy and appropriate provision of assistance to consumers.

A suitable model would include national co-ordination of policy formation, adherence to an objective of generic consumer regulation throughout Australia, establishment of a common set of enforcement remedies (including penalties), national co-ordination of consumer representation combined with efficient utilisation of State, Territory and local government resources and programs to maximise the impact of consumer protection/awareness and empowerment programs. The Federal responsibility could also include co-ordination of self-regulatory programs and mechanisms to encourage broader participation by industry associations and groups.

SETEL considers that an Australian (federal) model for Consumer Policy is an essential first step in establishing parameters for improving consumer outcomes. A streamlined approach to a national body of regulation will have a beneficial impact on business but that must be accompanied by programs to foster better practice and improved consumer awareness. The concept of an 'all encompassing' ACCC may take some time to develop and may eventuate as a peak body role with specific State, Territory and local government implementation bodies and authorities remaining responsible for most of the implementation of regulation.

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