

Lynham Networks Pty Ltd

Submission for:

Consultation Paper: Exemptions for controllers of superfast fixed-line networks from separation requirements



February 3rd, 2021

Director, Telecommunications Competition
Department of Infrastructure, Transport, Regional Development and Communications

Dear Sir/Madam,

Lynham Networks is a privately owned telecommunications provider based in Melbourne, Victoria. We have a fast growing business delivering connectivity to retail and wholesale customers on our network. As such, we have significant interest in the recently communicated consultation paper regarding Exemptions for Controllers of Superfast Fixed-Line Networks from Separation Requirements.

Lynham Networks is writing to the Department of Infrastructure, Transport, Regional Development and Communications to provide input to the consultation process, and is pleased to provide insights from a small telecommunications provider for your consideration.

We have reviewed the Consultation Paper and we have responded to each of the questions that this paper raises in the following pages.

Yours Sincerely,

A handwritten signature in black ink, appearing to read "J Rich".

Jeremy Rich (CEO)
Lynham Networks Pty Ltd

Question Number / Page Number	Question	Lynham Networks Response
1/5	<p>How would businesses be affected by increasing the class exemption limit from 2,000 to 12,000 customers? Please outline the nature of your business and how your customer base may be impacted.</p>	<p>The lifting of the class exemption limit to 12,000 customers would greatly streamline and rightsize separation undertakings. Such a change would allow businesses to have sufficient revenue and time runway to prepare for an undertaking and to do so at a point in time that the business is capable of funding such an endeavour.</p> <p>For a vertically integrated service provider with 2,000 customers, the likely costs of compliance for a functional undertaking would be onerous and difficult to sustain without dramatically impacting the sustainability of the business.</p>
3/5	<p>If your business could agree a functional separation undertaking that did not require separate business systems and employees, would it reduce the costs of functionally separating? If so, to what extent?</p>	<p>Such a proposed undertaking could assist with functional separation costs, however even this level of change would still be significantly disruptive to the business's growth trajectory. Regardless of this diminishment of separation undertaking, the cost of management of compliance in a business with circa 2,000 customers will still be significant.</p>
4/5	<p>If you provided a submission to the ACCC's consultation processes on the deemed functional separation undertaking, do the ACCC's revisions affect your views on the costs of functional separation? If so, how?</p>	<p>Yes we did respond to this consultation process and during this response, we did call out the fact that the thresholds of 2,000 customers proposed should be raised to at least 12,000 customers to create a more dynamic market which provides opportunities for new, differentiated market entrants and is in the best interests of a competitive landscape which will engender the best results for customers.</p>

Question Number / Page Number	Question	Lynham Networks Response
6/6	Would a change in the class exemption limit allow smaller networks to obtain a stronger foothold in the market?	<p>Yes. As outlined previously, the limit of 2,000 customers does not provide a significant enough run rate of revenue to justify such onerous steps regarding functional undertakings.</p> <p>Allowing businesses to grow towards 12,000 customers before committing to an undertaking gives a sufficient time frame and preparatory window for service providers to better determine what is the most appropriate means of separation within the business; be that a standard functional undertaking or a custom undertaking.</p> <p>Allowing business to evolve and identify their future business model after sustainably building a customer base will also enhance the diversity of providers in the market.</p>
7/6	Would a change in the class exemption limit affect service quality and promote unsustainable entrants?	<p>While such a concern is a possible risk, the ability for other service providers to compete for the same customers will ensure that service providers offering a poor value or quality product will be at the mercy of the market and will need to either step up or be challenged not just by other fixed broadband providers, but also 5G services.</p>
10/7	Are potential concerns about service quality mitigated by the ACCC SBAS and LBAS declarations and the new Statutory Infrastructure Provider obligations?	<p>Yes. The SBAS and LBAS obligations and the new SIP obligations provide a robust framework for management of service quality, the expectations upon service providers and the minimum standards that should be met in all scenarios.</p>