

#### 1.4.3 (cont'd)

For suppliers therefore the market has been segmented into two parts, supply to Telecom and supply direct to users. All equipment connected to Telecom lines has been regulated through permitted attachment rules. The severity of these rules has depended on the type of equipment, with minimal regulation applying to data communications equipment, and extensive regulation applying to PABXs.

The areas where competition has been restricted or not allowed are:

- \* the first telephone on single line telephone services has been exclusive to Telecom;
- \* competitively supplied telephone handsets for use on extensions were restricted to handsets with additional features when compared to Telecom's basic handsets (this restriction was lifted when Telecom's basic handsets began to incorporate advanced features such as memory dialling);
- \* key systems (or "Small Business Systems" - SBS) have been exclusive to Telecom;
- \* competitively supplied PABX systems were subject to a complex regulatory regime, designed to ensure: maximum local content; a long term commitment to the market by suppliers; maintainability by Telecom over the life of the system.

In addition, as noted previously, Telecom held a monopoly on the maintenance of all network connected privately supplied PABXs.

Areas which were open to unrestricted competition include:

- \* facsimile (not offered by Telecom);
- \* answering machines (not offered by Telecom);
- \* cordless telephones;
- \* data modems multiplexors, data terminals etc;
- \* customer earth stations.