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ORGANISATION FOR ECONOMIC  
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## COMMUNICATIONS OUTLOOK 1999

### TELECOMMUNICATIONS: Regulatory Issues

**Country:** New Zealand

**Date completed:** 27 July 1998

The attached questionnaire was undertaken in preparation for the biennial OECD *Communications Outlook*. The responses provided by countries on telecommunication regulation were used to provide information supporting the analytical sections published in association with data. A similar questionnaire with responses on broadcasting regulation is also available. In some cases, data for individual firms, used to compile OECD totals, have not been published at the request of the respondent. For further information, including data, see **OECD Communications Outlook 1999** and <http://www.oecd.org/dsti/sti/it/index.htm>

## TELECOMMUNICATIONS

### Market Structure and Regulatory Status (Questions 1 -13)

**1. Please provide details of the regulation of communication infrastructure, including the public switched telecommunication network (PSTN), provision in your country.**

Infrastructure provision for following service	Regulatory Status (e.g. monopoly, duopoly, limited number, fully open to any applicant)	Number of licensed operators* (1998) (note NZ does not license operators, numbers indicate known operators).
Local PSTN	fully open	3
National PSTN	fully open	7
International PSTN	fully open	15
Analogue Cellular Mobile (e.g. NMT etc.)	fully open	1
Digital Cellular Mobile (e.g. GSM etc.)	fully open	2
Other Mobile Communication (e.g. PCS, PCN, CT-2 etc.)	fully open	0
Payphones	fully open	1

\*Licenses are not required to provide telecommunications service in New Zealand. International operators have to be registered and frequency management rights and licenses are required to be obtained for any radio spectrum usage.

**2. Please provide details for the major public telecommunication operator (PTO) of public switched telecommunication services in your country. (PTOs are state and privately owned entities providing public switched telecommunication services over their own infrastructure)**

Name of PTO	PTO Ownership Status (1998) (e.g. state owned/privately owned) If a balance of ownership exists please indicate the share (%) held by the government
Telecom New Zealand	100% privately owned
Clear Communications	100% privately owned (25% owned by Television New Zealand - a state owned enterprise)
BellSouth NZ	100% privately owned
Telstra (NZ) Ltd	wholly owned subsidiary of Telstra Corporation of Australia

**3. Please provide details of market share for the largest PTO in the following categories.**

	The largest PTO's share (End 1997)
Local Access (% of access lines)	99%
National Long Distance (% of total minutes)	75-80%
International (% of total outgoing MiTT)	64%

**4. Please provide details of the number of subscribers by cellular and PCN mobile communication operators.**

Name of Operator	Number of Subscribers (End 1997)
1.Telecom New Zealand	476 200
2.BellSouth New Zealand	97 000 (approx)

**5. Please provide a description of the most significant recent policy changes affecting the provision of telecommunications services, as well as any draft laws, or regulatory proposals to be implemented in 1998.**

Amendments to the Radiocommunications Act 1989 currently going through the legislative process.

**6. Please provide a brief description of the responsibilities of the national regulatory authorities for public telecommunication services.**

Ministry of Commerce: Administers Telecommunications (Disclosure) Regulations and Telecommunications (International Services) Regulations, chairs NZ Telecommunications Numbering Advisory Group. Provides policy advice to Government, administers radio spectrum.

Commerce Commission: independent statutory body. Responsible for administration of New Zealand's general competition law- the Commerce Act 1986.

**7. Are there any foreign ownership, size of shareholding or other ownership restrictions on individuals and corporations investing in the incumbent PTO(s) in your country?**

No, except that no single foreign entity can own more than 49.9% of Telecom Corporation of New Zealand Limited.

**8. Are there any communication infrastructures or services (e.g. cable television, terrestrial broadcasting, satellite broadcasting) PTOs in your country are not permitted to directly provide? In addition, please specify any restrictions on PTOs investing in companies that such infrastructure or services.**

No. There are no restrictions.

**9. Is the incumbent PTO(s) in your country allowed to provide mobile communication services?**

**If 'yes', is there a requirement for accounting separation between the PTO's mobile and fixed operations?**

Yes, the PTO can offer mobile services.

There is no requirement for accounting separation.

**10. What selection procedures are used to determine licenses for new PTOs (e.g. calls for tenders, government appointments, license on request)?**

There are no licensing criteria as the market is completely open.

**11. Please specify any restrictions or obligations imposed on new competitive network suppliers?**

No industry specific restrictions. Must abide by general competition and trading laws.

**12. Are there any restrictions on the use of leased lines nationally or internationally (including resale)?**

No.

**13. Under the communication regulation existing in your country how would national and international voice telephony services provided over the Internet, by entities other than a PTO, be defined and treated? Please mention any restrictions or obligations that may apply.**

Such services are not defined. Operators of international voice telephony services provided over the Internet, interconnected to the PSTN at both ends, are required to be registered under the Telecommunications (International Services) Regulations 1994. Registration is automatic, on application. No restrictions on operators of national services or international services which do not originate and terminate at telephones.

**Pricing (Questions 14 -15)**

**14. What, if any, conditions are applied to the tariffs set by PTOs?** (Please include any price control information such as price caps and specify for which service they apply).

Telecom NZ is subject to the “Kiwishare” obligations set out in its Constitution. The provisions related to price control are:

- The price of a residential local line shall not increase at a rate faster than the rate of inflation.
- Rural residential consumers are not to be charged more for residential line rental than urban consumers.

No tariff conditions apply to other carriers. Tariffs are not required to be lodged with or approved by the Government.

**15. If communication discount schemes are available in your country please provide information on one or more popular schemes applicable to residential users, dial-up Internet access users and a low user scheme from the incumbent PTO. In the space below please indicate the main features:**

Residential User Discount Scheme:

Discount plans exist for long-distance and international services (e.g. NZ\$5 capped rate national calls, NZ\$10 capped rate off peak calls to Australia and NZ\$15 capped off peak calls to US/UK/Canada and Ireland (off peak being 6pm-8am weekdays and all weekend)) however such discount plans vary and are supplemented by new plans on a periodic basis. Given the intensity of competition for national/international calls, the dynamic nature of the market means that it is difficult to give an accurate response for any particular time.

Internet Access Discount Scheme:

Competition in Internet access pricing is intense. XTRA offers NZ\$45 for 50 hours access per month.

Low User Scheme:

Telecom NZ residential customers can choose to pay NZ\$10 less per month (NZ\$26) and pay 20c per local call.

Note: Residential user refers to an average consumer's home telephone service. A dial-up Internet user refers to a consumer accessing the Internet via a PC with a modem over the local public switched telecommunication network. Low user schemes is a term sometimes applied by PTOs to schemes designed for segments of the community that are financially disadvantaged.

### **Numbering/Domain Names (Questions 16 - 17)**

**16. Please describe the numbering policy in your country. Please mention the responsible authority and whether portability has been introduced and for which services (e.g. 800 numbers, cellular numbers, local PSTN numbers).**

Numbering is administered by the New Zealand Telecommunications Numbering Advisory Group, which provides a forum to negotiate numbering issues. Number portability has been introduced for local numbers.

**17. Have there been any recent government policy initiatives in your country in respect to the administration of Internet top level domain names. (An example of a top level domain name is .be for Belgium).**

No.

**Interconnection (Questions 18 - 21)**

**18. Are PSTN interconnect or access charges a matter for commercial agreement between operators and if so is there provision for arbitration and by whom? Is there a requirement to publish the rate for PSTN interconnect or access charges?  
If 'yes' please provide a schedule of interconnection charges for the PSTN.**

Yes. PSTN interconnection charges are a matter for commercial agreement between operators. All agreements have provision for independent arbitration. Parties also have recourse to the court system to adjudicate on breaches of competition law.

Interconnection charges (please indicate measure e.g. cost per minute for terminating or originating traffic) See attached schedule 1

**19. For the purpose of establishing interconnect or access charges is accounting separation used?**

Interconnection charges are established by commercial negotiation.

**20. Once the interconnection or access charge has been established is it available as a standard rate for other service providers (including other PTOs and resellers)?**

All interconnection agreements with Telecom NZ are required to be published and made publicly available, within one month of having been concluded. Telecom NZ must provide similar services at similar prices to competitors, or face the possibility of action under general competition law.

**21. Does regulation specify that competitive service providers can co-locate facilities on the same site as incumbent PTOs? Please indicate whether resellers and Internet Service Providers can co-locate equipment under the same terms and conditions as PTOs without being designated as a PTO?**

Telecom NZ offers co-location on a commercial basis. Resellers and Internet Service Providers are able to co-locate under terms and conditions which are not discriminatory in an anti-competitive manner.

**Information for Updating OECD Tariff Comparison Baskets (Question 22)**

**22. Please provide the following information for your largest PTO.**

**Information unavailable**

What is the average duration of a local call (i.e. average time of a call in the lowest tariff band for PSTN)?	Not available.	
What is the proportion of calls that fall within your lowest tariff band (i.e. local calls) as a percentage of total national calls?	Business (%) Not available.	Residential (%) Not available.
What percentage of calls from the fixed network (PSTN) terminate in mobile networks (e.g. analogue and digital cellular networks)?	Business (%) Not available.	Residential (%) Not available.
What percentage of total leased lines (i.e. leased circuits) are local (i.e. 2 km or less)?	Not available.	

**Universal Service/Consumer Issues (Questions 23 -25)**

**23. In the context of universal service policies which elements of telecommunication service are considered as part of universal service in your country?**

Universal service is not defined in New Zealand. The nearest approximation to universal service is contained in the “Kiwi share” obligations of Telecom New Zealand (see answer to question 25) which only refer to local residential line rentals.

**24. Please provide details of any explicit funding mechanism for universal service and its coverage.**

Under Telecom NZ’s “Kiwi share” obligations, Telecom NZ is required to provide the same level of coverage to residential consumers as it did when it was privatised (September 1990). It is also required to charge rural consumers no more for residential line rentals than urban consumers.

**25. With what institutions other than telecommunication service providers can customers lodge complaints regarding these operators? (e.g. regulators, ombudsman, Ministry, etc.) Is there a requirement for annual reporting of the number of consumer complaints? If so how are complaints measured and reported.**

Ministry of Consumer Affairs.

Users can also contact the Minister of Communications and/or the Ministry of Commerce with quality of service concerns.

The Ministry of Consumer Affairs publishes an annual report as to the quality of service of Telecom NZ

## SCHEDULE 1

### **Brief Summary of Main Interconnection Charges in New Zealand**

(Note: All charges are Goods and Service Tax exclusive)

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#### **Typical Toll Bypass Interconnection Charges**

##### **Telecom Charges for providing Toll Bypass service to Other Service Providers**

For local calls 2.8 cents per minute or part of a minute (c/m) - peak  
1.3 c/m - off-peak.

Automatic Number Information (ANI) 1 cent for ANI supplied.

(Peak period - everyday 7am - 10 pm, off-peak everyday 10pm - 7am)

For national calls to point of interconnection of Telecom network with the other network the following charges apply in some cases (note: Clear does not use this facility).

Call Volume (minutes of national calls in year one of agreement)	Cents per minute (all times of day and week)
10,000,000 - 19,999,999	13.0
20,000,000 - 29,999,999	11.0
30,000,000 - 39,999,999	9.0
40,000,000 - 99,999,999	8.5
100,000,000 or more	8.0

##### **Other Network Service Providers typical Charges for providing Toll Bypass service to Telecom**

For local calls 2.8 cents per minute or part of a minute(c/m) - peak  
1.3 c/m - off-peak.

(Peak period - everyday 7am - 10 pm, off-peak everyday 10pm - 7am)

Automatic Number Information (ANI) 1 cent for ANI supplied.

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#### **Typical Local Telephone Call Interconnection Charges**

##### **Telecom charges for providing local telephone call interconnection service to Other service providers**

2.0 cents per minute or part of a minute - peak,  
0.5 cents per minute or part of a minute - off-peak.

(Peak period - everyday 7am - 10 pm, off-peak everyday 10pm - 7am)

Additional charge for each call

1.0 cents per minute or part of a minute

(Telecom describes this charge as a contribution to its fixed and common costs)

**Other service providers charges for providing local telephone call interconnection service to Telecom**

<b>For the Period</b>	<b>Peak</b> (cents per minute or part of a minute)	<b>Off-peak</b> (cents per minute or part of a minute)
Year 1	1.0	0.25
Year 2	1.25	0.3125
Year 3	1.5	0.375
Year 4	1.75	0.4375
Year 5	2.0	0.5

Note: Some interconnect agreements are for shorter terms, ie less than 5 years.

(Peak period - everyday 7am - 10 pm, off-peak everyday 10pm - 7am)