

A fifth company will handle "Inland Tolls & International Services" interconnecting with the regional subsidiaries only at major cities. This company will provide the long line trunk connections and microwave systems to link these centres. Other smaller subsidiary companies will be established to provide a range of specific Telecom products (on a nationwide basis), and would trade independently with other Telecom subsidiaries. Subsidiary companies in this group will include: Customer Products Distribution, Mobile Communications, Directories, Data/Electronic Mail, Telecommunications Systems Support Centre (a subsidiary already in existence), Telepaging and Equipment repairs.

TIMETABLE FOR DEREGULATION

In a statement to the press (16 June 1988), the then Minister of State Owned Enterprises, Hon Richard Prebble (now Stan Rodger), announced the timetable for the implementation of telecommunications deregulation in New Zealand:

1 April 1987 - Corporatisation of the NZ Post Office into -- Telecom Corporation of NZ Ltd, NZ Post, and Postbank, operating on "State Owned Enterprise" principles.

1 Oct 1987 - Residential wiring and telex equipment deregulated under the enactment of the "Telecommunications Act - 1987".

1 May 1988 - Deregulation of: Commercial premises wiring
Telephone Instruments

1 April 1989 - Further deregulation of: PABX's
Packet network
Telex network
Telephone network (local lines)

1 July 1989 - Deregulation of: Telephone network (long distance trunks)
Mobile telephone network
Paging network

THE NEW MARKET

The telecommunications market will for some time be dominated by Telecom even after deregulation, because much of the network, particularly at the local level, has natural monopoly characteristics, and competitors are only likely to duplicate small sections of it. Accordingly, most new entrants in the telecommunications market will be providing inter-connect equipment and thus will necessarily need to connect into the Telecom network. This means Telecom's competitors will be heavily dependent on it for facilities and services, giving Telecom a considerable competitive edge.

Telecom has stated (in a letter to the Minister) that it will provide interconnection to facilities on fair terms and conditions. The corporation must also adhere to the provisions laid out in the "Commerce Act - 1986", which was enacted to prevent anti-competitive practices. However New Zealand, currently has no regulatory body to police these activities. The minister hopes the Commerce Act will prove to be adequate in the task of ensuring workable and effective competition in telecommunications.