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TELECOMMUNICATIONS DEREGULATION IN NEW ZEALAND

INTRODUCTION

For some time the telecommunications industries throughout the world have looked towards liberalization and eventually privatization. In 1986 the New Zealand Labour government announced that the New Zealand Post Office was to be split into three separate state owned corporations being; NZ Post, Postbank (formerly the Post Office Savings Bank) and Telecom. The telecom part officially became, "Telecom Corporation of NZ Ltd", on April 1st 1987. A number of minor changes occurred at that time, but essentially it remained a monopoly supplier of telecommunications services and to the consumers no changes were apparent. Then the government announced that it was planning to have Telecom's monopoly steadily dismantled in a number of deregulatory stages. The Chief Executive Officer, Mr Pat McInernie, announced he was to retire and Dr Peter Troughton (formerly of British Telecom, in the UK) was subsequently appointed as the new CEO of Telecom.

THE RESTRUCTURING OF TELECOM CORPORATION

In May 1988 Dr Troughton announced restructuring plans for a new competitive organization. The restructuring proposal followed a familiarization tour of Telecom districts undertaken by Dr Troughton following his arrival in New Zealand in early March. "The tour revealed some very substantial weaknesses in the way Telecom is organised and managed, many of which are hangovers from the old Post Office," Dr Troughton said. "I believe we must very quickly change the way we do things if we are to exploit the abundant new business opportunities created by full deregulation of the telecommunications industry."

The new organization consists of an (umbrella) holding company (Telecom Corporation of New Zealand Ltd) and five subsidiary companies. The holding company will replace the Head Office and will be responsible for central planning, technical specifications and some central procurement and supply (ie; selection of preferred suppliers), and will consist of approximately 200 staff.

The provision of telephone services will be the responsibility of the four subsidiary companies who will be divided up as follows (according to regions):

Telecom Auckland:

Telecom Midlands:

Telecom Wellington:

Telecom South:

Auckland/Whangarei

Hamilton/Rotorua/Tauranga/Bay of Plenty/
New Plymouth/Palmerston North/Napier/Masterton

Wellington/Kapiti

All of the South Island