



A BRIEF LOOK AT

30 YEARS

**OF LEADING
CHANGE**

tuanz

1987 - 1993

TUANZ

1994 - 1998



1999 - 2016



2016 - present

tuanz

In the world of technology, a year can sometimes be a very long time, let alone thirty years. But that's exactly how long our organisation has been around.

Over that time we've seen monumental changes in the telecommunications services that we use - starting from those early days of low speed digital services, to today's ultra fast speeds over fibre. We've become mobile and now we're heavily dependent on those wirelessly connected devices in all aspects of our lives, as well as in our businesses.

Over those years of tremendous change, TUANZ has been a constant. Our organisation has continued to keep us connected and educated on the new tech and the issues of the day. We've been a constant advocate on behalf of users and continued to represent our members views all the way through.

In this history we have not tried to be comprehensive. It would have been impossible to speak to all that have been involved over the years, but we've tried to give you a picture of what has happened over that time through the eyes of some of the key players. It shows how our story is a key part of the development of the telecommunications sector and how we've been involved every step of the way.

I hope you enjoy reading about the last 30 years. It's still an exciting time to be involved and I commend the future of TUANZ to you.

Pat O'Connell, Chair

‘Light handed regulation’, privatisation, court battles, billion dollar document leaks, media battles and re-regulation: New Zealand’s telecommunications sector has seen it all. We take a brief look back over the past 30 years of change and see how the story of TUANZ is inexplicably interlinked with that of the sector.



THE BEGINNING OF A USER GROUP WHO BECAME LOBBYISTS

“One must remember that New Zealand was a very different country,” says Don Wallace of New Zealand – not in the 1800s, but in 1985.

At the time Wallace was looking after data customers for the New Zealand Post Office, which had ‘an absolute – and government – monopoly’ on the telecommunications market in New Zealand, as it had for 100 years. “New Zealand was Fortress New Zealand. If something was manufactured in New Zealand, it couldn’t be imported,” Wallace recalls.

Not only was telecommunications technology a different world – multidrop circuits were 2400 bits per second, while high speed circuits could hit 14,400 bits per second versus the 100Mb/s capability of UFB, or the 1 Gigabit being utilised by some businesses these days – but so too was the business of telecommunications. Wallace recalls the Wanganui Computer Centre – a database established in 1976 for the New Zealand Police, Justice and Land Transport Safety Authority.

“We had it there because it was a marginal electorate. It was the worst place possible to put an online computer centre because the Post Office network going to Wanganui was as thin as thin could be.

“And when a farmer came along and ploughed up his field and the cable, the whole of New Zealand lost its police, justice and LTSA.”



“NEW ZEALAND WAS FORTRESS NEW ZEALAND. IF SOMETHING WAS MANUFACTURED IN NEW ZEALAND, IT COULDN'T BE IMPORTED”

DON WALLACE

It was against that backdrop that TUANZ was born.

The organisation had its genesis at a Computer Society meeting in September 1985, when it was decided that a telecommunications association ‘of some kind’ was needed. Wallace, who attended that early meeting, says the idea behind the association was that it would provide an opportunity for people using Post Office data services to get together and learn from each other rather than it being a lobby group – something they saw no need for at the time.

“It was very much a users’ group in a similar sense to the Burroughs User Group and the IBM User Group,” Wallace says.

The first AGM was held on February 26, 1986, establishing a constitution for the association and its name, and on March 20th, 1987, TUANZ was officially incorporated. Terry Ballard was the first chairperson – yes, person, because in what was a fairly radical step in those

days, TUANZ had decided to be gender neutral with its titles – with Wallace as vice chairperson, and for the first year TUANZ was all about education, running seminars and holding meeting for users.

But changes were sweeping New Zealand in general, and telecommunications was among a number of industries about to undergo big changes. In 1984, the Labour Government, under David Lange and in the age of Rogernomics, had begun a period of reforms and from 1986 corporatisation and privatisation – along with a more hands-off approach and an emphasis on efficiency and profitability – was the order of the day.

IN 1989, IN A WORLD FIRST, THE NEW ZEALAND TELECOMMUNICATIONS MARKET WAS COMPLETELY DEREGULATED ENDING THE MONOPOLY AND OPENING THE DOORS FOR NEW COMPETITION.

The State-Owned Enterprises Act 1986, which came into effect on 01 April 1987, saw the New Zealand Post Office split into three businesses and Telecom Corporation of New Zealand created. Telecom acquired the assets of the New Zealand Post Office and a new – commercial – business was born.

TUANZ were suddenly thrust into the role of lobbyists as Telecom jostled to establish its stake in the market as deregulation loomed.

“We wanted to make sure that what the users got out of all this was something they wanted,” Wallace says.

“We were quite keen on the idea of there being competition. “Telecom was not as keen on the idea of there being competition,” he adds dryly. “And the government was somewhere in the middle.”

In 1989, in a world first, the New Zealand telecommunications market was completely deregulated ending the monopoly and opening the doors for new competition.

The first of the competitors arrived in 1990 in the form of the Alternative Telephone Company – better known to most by its later name, Clear Communications.

The same year, Telecom was privatised with Ameritech, Bell Atlantic, Faye Richwhite and Freightways buying it for NZ\$4.25 billion in what was the biggest business deal seen in New Zealand. Critical to this deal was a contract between the government and Telecom, the **Kiwi Share agreement**, was drawn up requiring free local phone calls as part of a fixed monthly phone rental to ‘enable the Government to meet its social objectives in telecommunications’ – and to allay concerns which might arise from users about the privatisation of the company and its subsequent sale to international investors.

For Telecom and the New Zealand telecommunications market in general, a new era was starting.

WELCOME TO THE AGE OF ‘LIGHT HANDED REGULATION’ - AND SOME EARLY COMPETITION

When the phrase ‘light handed regulation’ is used by those in New Zealand telecommunications it’s often accompanied by a certain wariness or even a grimace.

For many, it signals a time of monopoly control of the market and government inaction.

The early 1990s was the era when the New Zealand Government was taking a hands off approach to regulation in the sector.

Many other countries provided statutory rights of interconnection, ensuring that new carriers are able to interconnect with the incumbent provider’s networks to enable customers of one network to make calls to those on another network. However New Zealand’s light

handed regulation saw the telco sector relying on the generic Commerce Act to control any potentially monopolistic behaviour. The Act prohibits the use of a dominant position for anti-competitive purposes. “That’s quite a hard test in any court of law,” Don Wallace, Chair of TUANZ at the time, notes.

It was, nevertheless, one that would quickly be put to the test.

By late 1989, calls were already being made for the Commerce Commission to investigate Telecom, with claims the telco was using anti-competitive measures after it had dramatically increased the cost of its Megaplan two megabit per second ISDN services, which other providers had been renting off Telecom, subdividing and onselling. The price increases changed the

1989 TUANZ executive



Back row: Murray Young, (Secretary) Alex McFarlane, Peter McKenzie, Don Wallace (Vice Chairman), Nicholas Egerton, Graham Griffiths, Bill Smith and Peter Cooke (Treasurer). Middle row: Sally Motion (Administration) and Patricia Greis Kerr (Business Manager) both part time, based at Ernst & Whinney. Front: Terry Ballard



1991 Conference - note the high speed on offer.

economics of the business dramatically for resellers and those selling the multiplexes to enable the circuits to be subdivided.

In what was to be the first of many legal battles in the sector, in 1991 the Commerce Commission began proceedings against Telecom alleging that in raising these costs during 1988 and 1989, the company had contravened section 36 of the Commerce Act. The slow turning of the wheels of justice, however, meant that four years later the Commerce Commission withdrew the action after concluding that the time and costs involved in pursuing the case to a conclusion would be greater than any benefits achieved, and that the case by then had little relevance to the industry.

However, Wallace defines the taking of action by the Commerce Commission as 'one of the seminal steps along the process of trying to define what was monopolistic behaviour'.

In the 1992 Report on Telecommunications, the Commission noted: 'Telecom makes the rules and other parties in the industry, by and large, play by them'. In what would become an ongoing theme for the sector, the Commission's enquiries conclusions were subsequently ruled to be beyond its remit.

Jack Matthews who from 1995 was CEO of Saturn Communications and then TelstraSaturn, remembers the telco sector of the mid-90s as 'really the wild west with no competition regulation at all'.

Without regulation, he says there was 'very limited' competition. "There was a view expressed to me by a senior minister that Telecom was such an important part of the New Zealand economy that 'what was good for Telecom was good for New Zealand'," Matthews says.

"I'm not criticising Telecom - they simply behaved in a way that was most advantageous to their shareholders," he adds. But while the lack of competition created some competitive challenges, Matthews says it also enabled Saturn to 'do things that would have been more difficult in more highly regulated markets'.

"The key challenge for us was to find competitive strategies that took advantage of the environment, rather than use litigation as a strategy as some others were doing."

"This led us to a strategy of bundling voice, video and data on a single network and billing system. It also made us focus on developing a brand that took advantage of our underdog position in the market."

DEBATES OVER INVESTMENT AS COMPETITION MAKES LITTLE HEADWAY

Ask Roderick Deane what the defining moments were in his 14 years at Telecom – stretching from 1992 to 2006 – and it’s the technological changes he pinpoints, rather than legislative or regulatory issues.

“The defining moments were when mobile emerged, when it became apparent mobile was going to become a big force, in fact the biggest force; and when the internet emerged,” Deane says.

“And as new competitors emerged,” he adds. “For the 14 years I was there, the big issues were around competition, mobile and internet, and regulation was a significant issue but not the overriding one.”

Appointed chief executive of Telecom in 1992 at a time when directors were unhappy with the progress of the share price and the pace of reforms within the company, Deane was charged with accelerating that process in the face of emerging competition – in particular from Clear Communications.

Clear entered the market with the intention of creating a nationwide network using fibre optic cables along New Zealand’s railway lines, courtesy of New Zealand Rail, to provide tolls and data services.

Ultimately, it set its sights on the local market and a long running inter-connection dispute with Telecom – which reportedly cost around \$8 million in fees and went all the way to London’s Privy Council where it was ruled that there hadn’t been use of its dominant position by Telecom to stifle Clear – became a feature of the New Zealand telecomm-unications scene for six long years.

But while Clear may have lead the early charge, others were also entering the market, including Kapiti Coast’s Kiwi Cable Company, which later became Saturn Communications and joined forces with Telstra to become TelstraSaturn.

By 1993 competition was emerging on the mobile front too, with BellSouth launching. By the mid-90s, nearly 30 companies were fighting it out in the New Zealand telecommunications market.

For TUANZ, increased competition, while much wanted and lobbied for, brought its own challenges.

Grant Forsyth, who took on the role of TUANZ executive director in 1993, says the increased competition brought with it challenges for TUANZ’ user community, who faced a growing set of choices.

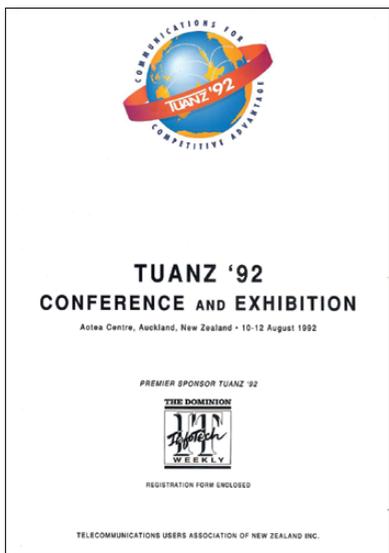
“Much of TUANZ’ role was to assist business users with understanding and making the right choice,” Forsyth says.

“We held regular events, published information and held a large annual conference and exhibition that took over the whole of the Ellerslie Race Course conference centre.



“THE INCREASED COMPETITION BROUGHT WITH IT CHALLENGES FOR TUANZ’ USER COMMUNITY, WHO FACED A GROWING SET OF CHOICES”

GRANT FORSYTH



“We also had fun hosting the best awards black tie dinner with great guest presenters. It was always a sell out and much looked forward to by the industry.”

Rod Deane says a key focus for Telecom, given the earlier deregulation and the subsequent encouraging of competition, became how to become more competitive. “To do that we had to not only get our cost structure down, but we had to really try and enter the modern world in terms of upgrading our own infrastructure and technology,” he says.

“It’s easy to forget now what a huge undertaking that was. There were many years when Telecom was the largest capital expenditure company in New Zealand after the government.

In 1996 internet demand – and pricing pressures in traditional markets where Telecom now had burgeoning competition from multiple companies such as iHug and CLEAR– saw Telecom launch its own internet service provider, Xtra. The same year, the company began constructing a hybrid fibre-

coaxial network in parts of Auckland for a proposed – but ultimately abandoned – cable television service, First Media.

Come the late 90s, Telecom moved its focus to ‘high speed’ internet in the form of ADSL. While ultimately unsuitable for its First Media project, ADSL, branded as Jetstream, would become a mainstay for the company’s internet access offerings. The company also became part of the Southern Cross Cable consortium, which was laying a fibre optic cable between Australia and New Zealand and the United States.

Not all of Telecom’s technology investments were successful, however. The company’s early foray into mobile saw it backing TDMA, while BellSouth was backing GSM.

Telecom’s move was, says former Telecom CIO Mark Ratcliffe ‘a logical option to take, but it happened to be the wrong one’. Much like the VHS versus Betamax videotape format war, GSM would ultimately win the mobile network war.

Telecom, says Ratcliffe, ‘got themselves in trouble having a network for which people weren’t manufacturing handsets at a time when handsets became really, really important’.

As the person who would ultimately become responsible for the copper network as CEO of Chorus, Ratcliffe says while organisations like TUANZ were publically pushing the line that Telecom underinvested in the network for years ‘it is hard to know if that was or wasn’t true’. “It certainly didn’t feel like it when we were there,” he says.

“And we’re a large, sparsely populated country. It’s really hard to upgrade the most outlying parts of the infrastructure. There’s no economic rationale for doing it.”

However, if rationale was required, it would soon be coming in the form of government action.

IT'S JUST NOT WORKING

By the late 1990s, TUANZ along with many other players in the industry felt it was clear that New Zealand's pioneering hands-off deregulation of the industry wasn't working.

Ernie Newman recalls that when he took up the role of TUANZ chief executive in January 1999 TUANZ wasn't making much progress on the regulatory front. Much to Telecom boss Roderick Deane's annoyance, it would become a key focus for the industry body.

"It took about a year before we actually managed to get onto the agenda of public awareness the notion that all was not well with telecommunications in New Zealand," Newman says. "Once we established that, everything took off from that point."

It would be a period of high activity for TUANZ, with on average, one major campaign a year including number portability, the wholesale access regime – the requirement that Telecom sell its services to competitors at regulated prices – local loop unbundling, mobile colocation, mobile roaming and mobile termination rates.

A key catalyst in driving awareness of the issues within telecommunications sector to a wider audience was number portability. Something taken for granted today, it was a sore point in the late 1990s, when moving carriers meant changing phone numbers. For businesses in particular it was a huge barrier to changing telco provider and for consumers it tended to lock you into one mobile provider.

Number portability was, Newman says, 'the first issue that [Communications Minister] Maurice Williamson took seriously'.

He told the industry it had until late 1999 to come up with a solution to number portability, or he would regulate. It was the start of extensive – and often heated – discussion between New Zealand's telcos with number portability introduced in April 2007, following a ruling by the Commerce Commission.

By then, the government had changed, with Labour coming to power in 1999, and Paul Swain was Communications Minister. It heralded 'a total change in the paradigm' Newman says.



ONCE WE ESTABLISHED AWARENESS THAT ALL WAS NOT WELL WITH TELECOMMUNICATIONS IN NEW ZEALAND, EVERYTHING TOOK OFF.

ERNIE NEWMAN

Pre-election, TUANZ had lobbied Swain about the need for fundamental change and in its election manifesto Labour promised an inquiry into the telecommunications regulatory framework.

True to his word, in 2000 Swain commissioned the Fletcher enquiry, which ultimately lead to industry-specific regulation in the form of the Telecomm-unications Act 2001 and the creation of the role of Telecommunications Commissioner. A process was also included in the Act to establish whether or not a service should be regulated.

Newman dubs the Fletcher enquiry 'probably the single biggest turning point' in New Zealand telecommunications.

“That was the point at which the establishment could no longer turn its back on the concept of regulation. It was forced to recognise that in the modern world, network industries need some kind of regulatory oversight,” he says.

“What Hugh Fletcher and his team did was expose the fallacy of [the argument that regulation was for the left wing and competition would emerge by natural forces if the government stayed out of the way] and demonstrated where there is a network industry where every player has to share a degree of common systems and interfaces, competition requires regulatory intervention in order to emerge. The industry has never looked back since then,” he says.

An early area of focus under the new regime was addressing the ongoing interconnection disputes. Interconnection charges became regulated and ‘there started to be some kind of level playing field’, Newman says. “We were also starting to see a viable business model for the next level of operator, so companies like CallPlus started to become significant players. “All of a sudden, competition between smaller and bigger operators was possible.”

For end users too, the new act brought changes on the fixed line front, as providers jostled for attention with specials and new choices in plans.

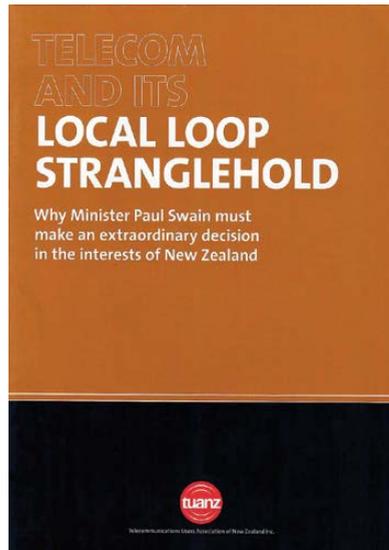
“Telecommunications all of a sudden became a product where you would see specials and a bit of discounting and some choices in terms of plans and so on,” Newman says.

“Remember that while this was going on, the internet was really starting to blossom too and the telecommunications industry that for most people had been about voice calls all of a sudden became about

broadband and internet access. “It was in that area particularly where a range of different plans, speeds, data caps and so forth of a competitive nature, was emerging.”

In 2004 Associate Information Technology Minister David Cunliffe released a draft Digital Strategy, proposing new ‘bold’ directions for ICT in New Zealand – and the Government’s ICT investments. Noting that we live in a time of ‘rapid and unparalleled’ technological change, Cunliffe said the strategy was about enabling all New Zealanders to realise the benefits that change offered. Broadband was a key focus for the strategy.

A 2005 Government review of the sector also focused on the broadband market and highlighted concerns at a lack of improvement in New Zealand’s performance in the OECD in regards to broadband penetration. The review also suggested there was a lack of effective competition in the telecommunications market which ultimately led to amendments in 2006 to the Telecommunica-





Paul Swain and team. Including TUANZ Chair, Judy Speight.

tions Act, giving greater power to the Commerce Commission for regulating the sector including introducing unbundled local loop as a regulated service.

Local loop unbundling was happening across Europe, notes Newman. “It had actually reached a point where the only two countries in the OECD that hadn’t unbundled the local loop were New Zealand and Mexico.”

Newman recalls only too clearly the release of a long awaited report from the Commerce Commission on the topic.

“It was released, and I was flipping through this thing and everything was pointing to yes, we’re going to recommend unbundling, until we got to the last page and it said ‘we recommend you not unbundle’. “The conclusion was completely at odds with the build up and the argument.”

Newman says he never did fully establish what had happened and why

the conclusion seemed so out of sync with the rest of the report. The late-2003 report sparked one of TUANZ’ most successful campaigns, he says.

“Once we picked ourselves up off the floor, we started a massive campaign to get right around parliament.”

The campaign included the publication of a booklet titled ‘Why Paul Swain Should Ignore the Commerce Commission Report and Unbundle’, which was sent to every MP and every opinion leader TUANZ could reach. “A few weeks later, Swain announced he was rejecting the Commission’s recommendation and the local loop would be unbundled,” Newman says.

The joy was shortlived however, with the decision over-ruled. It would be two more years before unbundling would be given the green light – in a budget 2006 announcement of a stocktake hastily brought forward several weeks after the leaking of a Cabinet paper detailing the

proposal and approving regulation. The Telecommunications Stocktake agreed to amend the Telecommunications Act, introducing local loop unbundling in Telecom exchanges and cabinets, along with changes to the regulated unbundled bitstream services. The paper also recommended that a structural separation of Telecom into a wholesale and retail business 'to remove incentives to impede access to its network for competitors, be kept under review in case there are on-going difficulties with implementation of the Government's broadband objectives'.

"BEFORE THEN, YOU COULDN'T REALLY GET ACCESS INTO TELECOM'S INFRASTRUCTURE AND ESTATE IN THEIR EXCHANGES. THEN OVERNIGHT, SUDDENLY THESE PEOPLE WHO HAD MAINTAINED AND LOOKED AFTER THE ASSETS ON BEHALF OF TELECOM HAD TO LET OTHER PEOPLE IN TO PUT THEIR EQUIPMENT IN."

The leak wiped around \$2 billion off Telecom's value and prompted an investigation and the firing of the messenger.

For Craig Young, who at the time was involved in representing TELSTRACLEAR in these issues, the unbundling of Telecom's copper network was a key milestone in New Zealand telecommunications, and one that would ultimately lead to the structural separation of Telecom.

"As much as a regulatory shift, the unbundling of Telecom's copper network, whilst maybe not as successful commercially as it might have been, the change brought was a big shift in the approach Telecom had to take to those sorts of assets and services," Young says.

"Before then, you couldn't really get access into Telecom's infrastructure and estate in their exchanges. Then overnight, suddenly these people who had maintained and looked after the assets on behalf of Telecom had to let other people in to put their equipment in."

Young says the change also heralded the first step in creating a wholesaler 'who actually wanted to sell services and had the right incentives in place'. In 2007, Telecom opened its first phone exchanges to rivals in the first steps to opening the local loop up.

That would ultimately lead to the next big step, Young says: UFB, and with it, the structural separation of Telecom into two discrete businesses.

FIBRE AND FULL SEPARATION

For much of New Zealand pre the mid 2000s, fibre may well have been something we were told to eat more of. The 2008 elections changed that, pushing fibre into the general public consciousness more than ever before.

TUANZ, under Ernie Newman as CEO, had been pushing for improved access networks for a number of years, arguing for fibre to the home and working strongly behind the scenes to encourage any new government to take a stand.

Paul Brislen, TUANZ chief executive from 2010 to 2014, recalls TUANZ's enthusiasm for ubiquitous broadband in the early 2000s, gathering those in the industry together for forums to discuss future uses and how they could transform New Zealand.



THERE IS A PROBLEM WHEN A GOVERNMENT WANTS TO BE AN INVESTOR IN A SECTOR AND THE REGULATOR.

PAUL BRISLEN

“We brainstormed ideas about what we could do with it and how it would change things in all the different business sectors,” Brislen, who at the time was working in tourism, says.

“We came up with a whole lot of ideas like Facebook [-style networks], virtual reality googles and whole bunch of other things that have slowly come to be. And it's coming to fruition now because we have a network like UFB and it is at a relatively good price.”

“But those early meetings were a really good catalyst for getting people

thinking about the opportunities not to just do the things we do today a little faster, but to actually change the way we do things dramatically.”

In 2008, TUANZ' work paid off. At a Wellington Chamber of Commerce luncheon, John Key as leader of the opposition, announced plans for a UFB programme, recalls Ernie Newman. “That galvanised Labour to do the same thing.”

National won the election, and the UFB project kicked off. The UFB project came with a condition for Telecom, however. In order for it to be a partner in the UFB project it was required to structurally separate into a wholesale network business and a retail/mobile business.

Operational separation had commenced in 2008, with then Communications and IT minister David Cunliffe dubbing March 31, 2008 ‘Separation Day’ after declaring a ‘robust’ plan for the separation had been approved.

The operational separation, into three business units – network (Chorus), wholesale (Telecom Wholesale) and retail (Telecom Retail) – had been a priority for the Labour Government, with Cunliffe saying at the time that the move would increase competition, innovation and investment to deliver a more effective telecommunications sector to benefit all of New Zealand.

Mark Ratcliffe, who was Telecom CIO from 1991 and later Chorus chief executive, is more direct. “It was a punishment for Telecom for bad behaviour,” he says. “It was the view of the Clark government that Telecom had acted anti-competitively, that they weren't encouraging competition and particularly that they were stifling the uptake of broadband in New Zealand.”

Despite advocating within Telecom for the separation of the company so it could participate in the UFB project, Ratcliffe is dubious of the value of the operational separation model with its local loop unbundling.

“I don’t think it made a jot of difference to competition in New Zealand. It incurred an enormous amount of money to unbundle the local loop and separate Telecom into three pieces for no real change or outcomes for anybody,” he says. “Arguably prices went down for customers, but whether that was the result of operational separation or not is really hard to tell.”

TUANZ and others in the industry would argue that the timing for the unbundling of the copper network was too late, and the introduction of a large number of active fibre to the node cabinets make unbundling difficult to achieve in scale. The fact was, however, that a small percentage of lines were actually unbundled.

Trying to persuade Telecom to participate in the UFB tendering process ‘wasn’t easy’, Ratcliffe notes. “They were always reluctant participants because the outcome was if we win, we had to be prepared to cut the company into two and that wasn’t something Telecom initially wanted to do,” he says.



“It took a lot of persuading that it was the right thing to do for shareholders because when you looked at the two options economically, it was more valuable to separate than it was to compete with somebody else over building a network with government money.”

The structural separation and Telecom’s involvement in the UFB project, also came with new pricing rules for UBA – or unbundled bitstream access – pricing, which moved from retail minus pricing to cost-based pricing. Chorus were given three years warning of the pricing change, scheduled to come into effect in 2014.

The 2012 draft pricing and the November 2013 determination, which set the price considerably lower than the earlier price, sparked another contentious period in New Zealand telecommunications. While the rest of the sector cheered the new pricing, Chorus said it ‘significantly underestimated’ the true value of Chorus’ network.

The National Government announced it was going to intervene with a review of the Telecommunications Act suggesting UBA pricing not be set by the Commerce Commission. It would be the biggest, most public, fight for TUANZ during Paul Brislen’s tenure as chief executive from 2010 to 2014.

“For me it wasn’t a fight about the money as about allowing the Commerce Commission to do their job, which was to set the price independent of government, and making sure that independence was maintained,” Brislen says.

Craig Young, who took on the role of TUANZ chief executive in 2014, says TUANZ has always been a firm believer in an independent regulator to set the price.

“What happened in this case is that those on the user side saw the independence being challenged by the government deciding they would

implement some changes to perhaps help one of their UFB partners,” Young says.

Adds Brislen: “I really do think there is a problem when a government wants to be an investor in a sector and the regulator, even a quasi regulator like the way it was proposing to deal with the problem.

“And in the end they did set the price and they didn’t set it as low as we

(TUANZ) hoped, so that’s just the way it goes,” Young says.

“We can’t really complain about the process, in the end we got what we wanted by allowing the regulator to do their job. We certainly weren’t happy with the outcome, but that’s what happens with an independent regulator – you put your best case forward and they take the information and away they go.”

FUTURE FORWARD

However, New Zealand’s key telco sector players are incredibly buoyant about the future of the sector – and what it will provide New Zealand with.

While most agree there’s still work to do – and all have differing ideas of what that work entails – many believe the industry is in the best position it’s ever been in.

For TUANZ under its current CEO, Craig Young, the focus remains on driving New Zealand telecommunications forward to ensure New Zealand can make the most of the digitally connected world and encouraging New Zealand to be one of the top 10 countries for business usage of ICT according to the World Economic Forum global network readiness index by 2020.

While the big hairy issues in NZ telecommunications may appear to have been resolved – until new ones flare up – and the access market is now strongly regulated, Young says there will always be ongoing discussion around the pricing of that regulated network.

“We hope to be in a position by 2020 the Government will have regulations in place to price the new fibre access networks, but even then we’ll see reviews of how those regulations are



ONCE YOU START REGULATING PARTS OF THE MARKET, YOU HAVE TO KEEP ON TOP OF IT. YOU CAN'T LET IT GET AWAY.

CRAIG YOUNG

working every two or three years .

“In some ways it’s a never ending story in many respects, because once you start regulating parts of the market, you have to keep on top of it. You can’t let it get away.”

In February 2017, the New Zealand Government released a further discussion document looking at how the regulatory framework will apply from 2020. The document sets out final views on the approach to UFB fibre services and new proposals for copper services to see copper de-regulated and the Telecommunications Service Obligation removed where UFB or other fibre is available.

But it’s not just broadband and fibre changing the Kiwi telecommunications market. Young says with there will be issues to be resolved around spectrum as we move into 5G mobile networks.

“We’re going to be talking about what’s the fair allocation of increasingly important radio spectrum, and TUANZ has always argued that spectrum shouldn’t be allocated just on a commercial base.

“There’s the need to ensure some spectrum is able to be used by smaller and more innovative players to deliver services that might not have been delivered otherwise.”

“In rural New Zealand we’re going to need to use every tool we have to make sure we can provide decent connectivity and not leave that part of New Zealand behind,” Young says.

“It’s going to be a mix of pushing fibre out further then using wireless as much as we can and then satellite where needed, but we always want the latest and greatest for New Zealand.”

Ensuring strong competition in the rural market is also a crucial aspect, though it’s one Young says is a more tricky issue. “In urban markets there are a significant number of retail service providers for UFB. It’s easier to provide services off that network and to become a retail service provider. We’d like to find a way for rural New Zealand to have some equivalent level of competition so they’re not just getting connectivity, but actually connectivity at a competitive price.”

For TUANZ the resolution of many of the recent big issues means it can return to more of an education focus as it seeks to encourage local businesses to use technology to improve New Zealand’s economic prosperity.

“At present we’ve got what we wanted, which was investment in the new networks, now we need to encourage people to use it and to help them understand what the future is and what they should be looking at for their businesses,” Young says.

“If you go right back to when we started 30 years ago, that was the thing people met about – they wanted to talk about how they could use these things that were coming out – and we can continue to play a really strong role in that space.”

And while TUANZ is continuing to help New Zealand make the most of a digitally connected world, it’s also working to bring fresh blood up through the industry, ensuring a vibrant future for the sector.

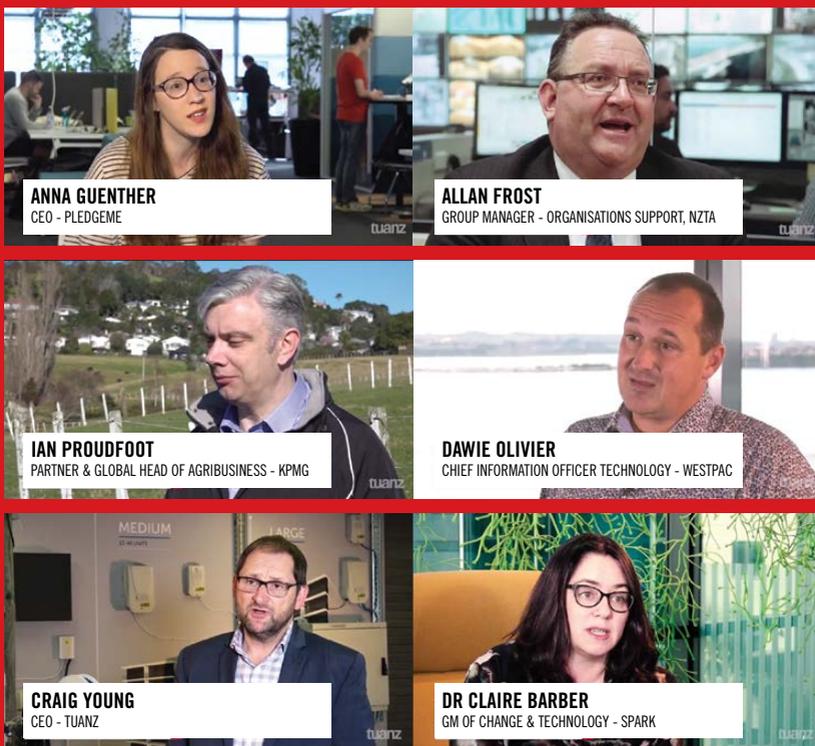
With that in mind, TUANZ relaunched the FLINT (Future Leaders In Technology) programme for those at the beginning of their careers. The programme aims to enable future leaders to develop knowledge and be exposed to industry leaders and ideas so they too, can step up into senior roles with communication technology responsibility.



FLINT gathering

“They’re our future leaders and we need to invest in them now and get them thinking about how they’re going to help New Zealand make the most of the technology they see coming through,” Young says. “And from what I already see with the people getting involved in the group, there’s some real energy about the future of the sector.”

“In 20 years time, I’ll be sitting in a rest home – and they’ll be the decision makers, so we’ve got to invest in our future, now.”



2020 PROJECT

Thirty years ago a group of New Zealanders saw the need to bring users' voices into the centre of the telecommunications industry, and to challenge both providers and government to modernise an outdated but essential enabler of our economic growth.

Today TUANZ remains committed to representing the users of telecommunications in New Zealand in an era of unprecedented digital opportunity.

This history marks those thirty years of change in the communications technology market and the key role that TUANZ played in it but now it's time to look to the future. To help us do that we have kicked off our 2020 Project which is all about what will the needs of businesses be for technology beyond 2020. We've begun by interviewing 6 industry leaders throughout New Zealand to get their insights into what they believe we need from the telecommunications industry, in 2020 and beyond.

You can see these video interviews on our website under Our 2020 Project or on our YouTube channel.

We look forward to continuing this conversation with New Zealand about how we can make the most of our digitally connected world.

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