

**Paula Rebstock's Opening Address at the  
'Broadband at a Crossroads' Conference  
Thursday 26 February 2009, Langham Hotel, Auckland**

***Introduction***

Good morning, and welcome to the Commerce Commission's Conference on 'Broadband at a Crossroads'. I would like to extend my thanks to the Honourable Steven Joyce, the Minister for Communications and Information Technology for participating in this event. The Minister's participation further underscores the importance that the Government has attributed to broadband issues.

I would also like to thank TUANZ for organising the conference on behalf of the Commission, and to Commission staff for their contribution in preparing it. I would like to thank Juniper Networks for sponsoring the drinks this evening. Finally, I would like to welcome our distinguished speakers, particularly those who have travelled from overseas.

**Importance of Conference and Study**

We are responsible for many consultative processes with stakeholders across all of the Commission's work. However, this is the first time that we have organised a public event of this kind as part of the Commission's responsibility for monitoring developments in telecommunications markets. This reflects our view that the impact of next generation telecommunications technology on New Zealanders will be significant, and that we need to understand the implications of the changes we see coming. It also reflects our view that the Commission needs to take a leadership role in pro-actively engaging with future challenges. The strong attendance reflects the importance and relevance of the Conference for our stakeholders.

The conference is a key element of the Commission's wider study on Next Generation Networks. We began the study in March last year, focusing on:

- Raising the level of understanding of key technological developments; and
- Understanding the impact on the commercial and competitive environment for telecommunications services.

### **New Zealand Environment**

This is a timely review. While “next generation” technologies have been present in the New Zealand market for some time – often introduced by new entrants – there will be some major developments during the next five years.

- Telecom has committed to shifting a sizeable proportion of its customer lines off the PSTN by 2012, with full migration off PSTN services by 2020;
- Telecom's cabinetisation programme means that there will be much greater deployment of fibre in the access network;
- Many providers are upgrading their DSLAM technology from ADSL2+ to VDSL;
- There are new entrants in backhaul and mobile;
- The 3G mobile networks continue to be extended, and there is greater consumer take-up of mobile broadband; and
- The Government is developing an initiative to support fast broadband penetration.

### **Potential Benefits of NGNs**

Next generation networks mean different things to different people. Simply put, these new technologies are expected to simplify network management and lower costs, and allow service providers to offer innovative services to customers. The Commission believes that they have the potential to provide significant benefits to consumers. They combine some of the flexibility and user-friendliness of the Internet with the reliability of traditional telecommunications services.

We are in a difficult economic environment. Investment by the telecommunications industry in new services and capabilities has the scope to stimulate demand in a flat economy, and has the potential to create greater efficiency for the economy as a whole. The recent improvement in our broadband performance – our prices are low by international standards, and our growth rate is strong – shows how competition can stimulate consumer uptake of new services.

## **Study**

It will be important for our stakeholders to understand the opportunities and challenges that arise from next generation networks. Our study – and this conference – is intended to throw light on how the challenges should be met, and how best to promote competition to take advantage of the opportunities. The speakers at the conference will cover many of the issues that submitters on the Commission's recent discussion paper said were vital – the distribution of rewards and cost among different players throughout the value chain, IP interconnection, open access models and the importance of content to consumer uptake of new services. The conference and the study will enable the Commission, the industry, policy makers and consumers to set clear priorities for dealing with next generation challenges.

The study will also give a sense of how relevant our current regulatory approach will remain in the future. The regulatory models that we have in place today derive from the characteristics of the legacy, circuit-switched, copper-based network.

## **Regulation**

It is clear from the submissions that many stakeholders see regulation as an important dimension – either a problematic one, or an enabling one, depending on their point of view – of the next generation landscape. The Commission does not approach this study with any bias towards regulation. We are reluctant to intervene in emerging markets, where commercial arrangements are yet to be fully scoped.

It has to be acknowledged that we have a mixed record in New Zealand in meeting the expectations of consumers of broadband services. Broadband take-up was initially slow, and competitive opportunities limited, giving rise to a high level of demand for regulatory intervention. It would be disappointing if this experience was replicated in the NGN world. Early problem identification may lead to market outcomes being achieved without the need for intrusive regulation.

In New Zealand, the Telecommunications Carriers' Forum has been grappling with some of the vexed questions arising from next generation technology, particularly the issue of IP interconnection. The Commission welcomes the involvement of the industry in trying to develop solutions to these complex problems. Where the industry can reach agreement, this will greatly lessen the likelihood of regulatory intervention.

## **Conclusion**

At the end of the day, it is the applications and services that will drive uptake of new services. Consumers have shown a remarkable flair for wrong-footing the market by adopting new services in unpredictable ways. Whatever approach is taken to encouraging the development of NGNs should empower the consumer, as well as reassure the investor.

We have an excellent line up of speakers and panellists at the conference.

Our conference facilitator, David Havyatt, is a man with a long experience in telecommunications and related industries, having spent 29 years working for a variety of telcos and Government. Having worked for seven and a half years at Telecom New Zealand's Australian operation AAPT he has some experience with New Zealand's regulatory history, and through his deep engagement in Australia has experienced many varied forms of regulatory and policy processes.

We are pleased to be able to welcome David to facilitate this conference as we jointly consider the issues at the heart of our study, being the assessment of the impact of technological change on market structure and competition, to provide guidance on

possible frameworks for regulation, and to identify issues where there is consensus and where and how views diverge.