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28 October, 2003

Alex Cheetham  
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Commerce Commission  
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By e-mail: alex.cheetham@comcom.govt.nz.

Dear Alex

## **Unbundling Review – TeamTalk Limited Submission**

TeamTalk is a mobile radio network operator. The company has been actively competing in the New Zealand market for over 9 years. During that time we have deployed one nation-wide mobile radio network and acquired another from a failing competitor. The company, which is 100% New Zealand owned employs 40 staff.

While a level of regulation is clearly warranted in the telecommunications market, TeamTalk subscribes to Paul Swain's view of "as much market as possible, as much Government as needed", i.e. only regulate where there is a very clearly demonstrated problem to solve. With respect to the unbundling of the copper loop we do not believe there is presently a problem to solve.

From a customers perspective there is no doubt in our mind that the sort of competition that is really wanted only arises when genuine alternate networks go head to head. Unbundling provides an opportunity for players not willing to do the hard work of investing in networks themselves to gain access to a network on a plate. Such access does not encourage true long term sustainable competition – it simply encourages short term parasitical activity. Competitors who are unable or unwilling to make substantial investments are unlikely to become serious long term players in the telecommunications market; they shouldn't have the playing field tipped in their favour.

The fact is that good companies with a strong value proposition can thrive in this market. The message we would like to see being sent to the Telecommunications industry is "the only form of real competition is from alternate networks, they are viable so get on and do it - we won't reward those who won't invest".

In our opinion the core of the unbundling debate is whether the copper loop is a monopoly. As a well-established wireless provider, we are strongly of the view that new wireless technology options conclusively disprove the assumption that the copper loop is the only way to access customers.

The debate centres around two simple questions. One, will these technologies be realistic substitutes for the copper network in terms of price and functionality? Two, can we be confident that these networks will be deployed in the five year timeframe that the Commission is looking at unbundling? The answer to both questions is a resounding "yes".

The Commission understandably harbours a degree of uncertainty over wireless's ability to provide a real competitive threat to the copper network, particularly given the embryonic nature of the existing competition. However within a one-two year timeframe, wireless networks will more than foot it with the copper network.

Wireless technologies have developed rapidly in the last few years, and will continue to develop at a blistering pace. Undoubtedly these networks will be deployed on a widescale basis. Wireless providers have won Project PROBE contracts to deliver services to many regions in New Zealand, and players like Woosh Wireless not only have services up and running covering large parts of Auckland but have made credible commitments that 70-80% of New Zealand will be covered in the next few years.

Providing the environment remains unchanged many others will enter the market. Even small companies such as TeamTalk have identified market niches where we can compete head to head with the copper loop. We are presently finalising our products for commercial release.

TeamTalk strongly implores the Commerce Commission to allow the industry to deliver on the promise of wireless technologies and to use its regulatory powers sparingly. We urge you to give competition and wireless technologies in particular the chance to prove they can 'do the business' for customers. By acting now the Commission will effectively kill off any hope of real, sustainable competition from wireless services for the foreseeable future.

Yours sincerely

David Ware  
**Managing Director**  
**TeamTalk Limited**