

Siemens (NZ) Ltd submission with respect to Local Loop Unbundling (LLU) in New Zealand

The regulatory body in New Zealand is faced with a difficult task in addressing the issue of local loop unbundling. Siemens (NZ) Ltd supports the need for local loop unbundling in New Zealand.

To date, the unbundling of the network has resulted in an increase in competition, but progress is very slow, largely because LLU access charges imposed by the incumbent have made it economically unviable to deliver broadband services over LLU to the residential market. At present service providers can only afford to supply their services to the business market.

Further evidence is provided in the relatively slow uptake of broadband services in New Zealand. It is widely recognised that the uptake of broadband is directly proportionate to the status of competition. New Zealand currently sits near the lowest point of the scale in respect of broadband internet access.

Broadband development will not occur without significant changes taking place. And one of the most crucial changes will be the unbundling of the local loop, which will give other service providers the means to develop new products and services at a commercially feasible level.

LLU will also contribute to the welfare of the community. Through the innovation and flexibility that unbundling offers it will be possible for providers to develop the services – such as tele-health and tele-education – that modern society needs. These services will be able to be provided in an affordable form, without the limitations that can be applied by an incumbent.

There are two ways in which the balance could potentially be redressed – through facilities-based competition, or through on-network competition.

The first of these possibilities, facilities-based competition, is difficult to achieve. It is practically non-existent in the New Zealand telecommunications industry at present and appears unlikely to be established in the foreseeable future. The second option, that of on-network competition, is now perceived by regulators elsewhere to be the best alternative. They are looking at controlling the operations of the incumbent through regulation – by laying down rules as to the terms, conditions and charges for access, and also in relation to interconnection between networks.