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TELECOMMUNICATIONS BILL

Detailed Briefing for the Commerce Committee

Ministry of Economic Development
June 2001

3. DESIGNATED SERVICES AND SPECIFIED SERVICES (PART 2)

3.1 Purpose of Part 2

- The purpose statement in clause 15 governs the making of any decision under Part 2. This purpose is

"to promote efficient telecommunications markets for the long-term benefit of end-users of telecommunications services within New Zealand by regulating the supply of certain telecommunications services to service providers."
- The purpose also requires all of the following things to be taken into account when determining whether a decision would promote efficient telecommunications markets:
 - whether or not the decision facilitates efficient competition in markets for telecommunications services;
 - whether or not the decision promotes any-to-any connectivity to the extent that it is efficient; and
 - whether or not the decision encourages the efficient use of, and efficient investment in, the infrastructure by means of which telecommunications services are provided.
- Clause 15 as a whole is intended to ensure that decisions of the Commission or Minister under Part 2 result in long term efficiency (i.e. maintaining efficient long term incentives to invest and innovate), rather than trading off long term gains in favour of short term benefits (such as a short term price drop).
- Part 2 regulation applies only to the supply of telecommunications services between service providers (i.e. 'access' services). It does not enable the regulation of services at a retail level.
- This purpose must be considered and given effect to by the Minister or the Commission when they make decisions under Part 2 of the Bill, e.g. decisions to regulate new services, or determinations.