

2. MINISTERIAL INQUIRY INTO TELECOMMUNICATIONS CITY COUNCIL SUBMISSION

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Corporate Plan Output:	

As Councillors will be aware, there is currently a Ministerial Inquiry chaired by Mr Hugh Fletcher, being held into the telecommunications industry in New Zealand.

The Inquiry has recently released a draft report for comment by interested parties. Submissions on the draft report closed on Monday 24 July 2000. It is intended that the Inquiry will hold public hearings and at this stage they will be held in Christchurch at the end of August.

There were two matters raised in the Inquiry's draft report which are of interest to the Council and on which I believed it was appropriate for the Council to make a submission so as to be able to participate in the public hearings in August.

The submission forwarded to the Ministerial Inquiry were considered by the Cell Sites Subcommittee on Friday 21 July 2000 and a copy is attached.

The two matters addressed in the submission are:

- (a) wholesaling of Telecom's local loop services; and
- (b) mandatory co-location of mobile transmission sites.

The Inquiry is proposing that both of these matters be a designated service. This means that Telecom in respect of the local loop service and an existing owner of a mobile cell phone tower, would be legally required to provide access to that facility at an efficient price and in a timely manner. The Inquiry envisages that there would be specific requirements set out in regulations for designated services such as the requirement to supply to others, and pricing principles.

These designated services are seen as necessary to:

- (i) facilitate competition;
- (ii) promote conductivity of networks;
- (iii) provide efficient use of existing networks and investment in new ones.

The Inquiry notes that because the Government wishes to have delivery of cost efficient, timely and innovative telecommunication services of an ongoing, fair and equitable basis to all users, then the Inquiry considers that industry specific regulation is required in certain instances.

It is contemplated that designated services would underpin industry self management by specific regulation, such that the regulations would encourage commercial agreement between parties.

Regarding the wholesaling of Telecom's local loop services, this would involve that company making available some of its services on the local loop (being the wires between a telephone exchange and individual properties) at a discounted or wholesale price to other service providers, to enable an alternative means of promoting competition in a broad range of services.

It is anticipated that the wholesaling of the local loop service would provide competition in the retail of telecommunication services, enable participants in one market such as long distance to operate a full package of services, and compete effectively with Telecom, and provide a stepping stone to enable entrants to develop a customer base to support their own infrastructure rollout.

It was considered appropriate to make a submission on this aspect as the wholesaling of the local loop services may facilitate the increased undergrounding of Telecom's existing overhead infrastructure by reducing the cost through spreading the cost of undergrounding such infrastructure.

The other issue that the Inquiry has raised is making co-location of mobile transmission sites a designated service so that if parties could not agree upon access, then there would be a mandatory requirement for sites to be shared. This was seen as minimising difficulties faced by new entrants in securing suitable sites.

Co-location in this regard could mean the sharing of tower facilities, the sharing of land or the sharing of equipment housing. The major supporting factor for co-location was seen as efficient use of cell sites.

An associated issue was whether it would be appropriate to amend the Resource Management Act to more readily facilitate co-location and radio frequency emission limits were specifically mentioned in this regard.

One of the consequences of mandatory co-location may be that towers would have to be built taller and thicker than is currently the case, and so have a greater visual impact. For that reason, the Cell Sites Subcommittee did not support mandatory co-location itself, and believed the Council should confine its comments to opposing any amendments to the Resource Management Act in relation to cell phone sites.

As will be seen from the attached submission, the Act presently provides for national policy statements in relation to radio frequency emission limits, and those can be set on a national basis such as divide territorial authorities.

Regarding visual impact, the submission makes the point that that is purely a local issue and should be dealt with through the City Plan rules as with any other structure on private land.

Recommendation: That the attached submission which has been forwarded to the Ministerial Inquiry into Telecommunications be ratified by the Council.