

Dr Ross Patterson
Telecommunications Commissioner
Commerce Commission



By email to: jane.hewitt@comcom.govt.nz

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Dear Dr Patterson

Thank you for the opportunity to comment on the Draft Terms of Reference for the Commission's intended study into Next generation Network ('NGN') issues (the 'Study'). This letter provides Chorus' comment on the Terms of Reference. While the deadline for the request for comment falls before the date for operational separation, Telecom has decided that it is appropriate for Chorus to communicate its views separately on this matter to the Commission.

Chorus welcomes the Commission's intention to conduct a study into NGN issues as a positive and timely step. We are generally comfortable with the Draft Terms of Reference which have been provided by the Commission, but do have some specific areas on which we would like to comment.

Chorus first notes that NGN is a term that is widely used with differing meaning. It is important for the Commission to provide, initially, a robust and clear definition of NGN for the purposes of the Study, so that all participants in the process are on the same page.

Chorus will be New Zealand's largest provider of network access services, operating an extensive fibre access network being progressively pushed out towards the end-user. Therefore, Chorus is primarily interested in those aspects of the Study dealing with Next Generation Access Networks ('NGAN'). The competitive and regulatory implications of NGAN are, in our view, better analysed as a discrete NGAN work programme (within the broader Study), the conclusions of which would go to inform the broader discussion. This would ensure that the Study clearly identifies all the specific issues that arise in the NGAN context before considering the implications of those issues for the NGN environment more broadly.

Chorus considers that the other specific aspects of the inquiry should be:

- (1) Interconnection, both the issues arising from IP Interconnection and transitional Interconnection on the road to full IP Interconnect; and
- (2) Issues relating to market structure / technology / convergence, and the resulting products and services. Chorus does not have a specific interest in these areas of the Study.

Chorus considers that it is very important that the Study be an inquiry into NGN and NGAN, and not an inquiry into a specific provider's NGN or NGAN. NGN, NGAN and IP Interconnection are issues that have impact and implications across the industry, on multiple NGNs. The Study also should not be limited to the consideration of fixed networks, and should embrace next generation developments in mobile and wireless technologies, such as 4G mobile. Chorus is likely to consider over time the deployment of some wireless components in its own NGAN.

The Study should, therefore, include an examination of the competitive implications of networks beyond those of traditional telecommunications service providers, including MUSH (Municipals,

Universities, Schools and Hospitals) networks, regional networks such as Citylink and Vector, and regional open access networks supported by Government initiatives such as the Broadband Challenge. It should also examine the reciprocal obligations necessary to ensure functioning interconnection in an NGN environment.

Chorus considers that care should be taken to ensure that the Study includes consideration of Chorus' existing ongoing regulatory obligations as they would apply in the NGAN context, rather than as they apply today; that is, to translate the effect of obligations into an IP interconnection and NGN world. For example, every Chorus NGN tail is currently a 'relevant network access service' under clauses 14.2 and 18 of Telecom's Undertakings and therefore, when provided to a Service Provider, must already be provided on non-discriminatory terms.

Chorus also considers it is important that the Commission sets its processes and timeframes to ensure the greatest possible synergies with the various industry led discussions and consultations in the NGN space. Chorus is pleased that the Commission cites this as being its intention at page 3 of the Terms of Reference.

Chorus looks forward to engaging with the Commission and other Stakeholders in the Study and presenting our views more fully to the Commission at its scoping workshop. However, should you require any further information from us at this stage, please contact Sean Mosby at sean.mosby@chorus.co.nz or by phone on (04) 3825223.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Ratcliffe', with a stylized flourish at the end.

Mark Ratcliffe
CEO Chorus