



## TELECOMMUNICATIONS USERS ASSOCIATION OF NZ INC (TUANZ)

### Commerce Commission Study into Next Generation Networks

### Feedback to the Telecommunications Commissioner on draft Terms of Reference.

28 March 2008

#### ***Introduction***

TUANZ warmly supports the Commission's intention to commence a study into Next Generation Network issues, and appreciates the opportunity to provide feedback on the proposed Terms of Reference.

Our comment is based on the principles and priorities TUANZ has issued in our recent manifesto: *Towards Leading-edge Connectivity*.

Key excerpts from that manifesto that relate to the NGN study are:

#### **The Vision –**

..

Communications Technology is characterized by effective competition in both fixed and mobile services, [and] rapid deployment of fibre to the premises everywhere through a mix of public and private investment...

Fast Internet, both fixed and mobile, is rapidly becoming ubiquitous, with speeds and affordability keeping ahead of comparable developed countries...

#### **Key Enablers of the Vision –**

..

Intergenerational fibre-optic investment should be shared among central government, local government and the private sector, with recognition that tomorrow's telecommunication investors may be a broader and very different group to today's...

...

### **Telecommunications Policy Needs**

...

Telecom's long-awaited cabinetisation programme and Next Generation Network rollout should be managed, and where necessary regulated, in a competition-inducing and timely way.

### ***Feedback on Terms of Reference***

TUANZ generally supports the proposed aims and scope of the study, but believes that some clearer definitions are needed, so as to assist stakeholders and the Commission in framing and evaluating the arguments of competing interests.

### **1. What is the Next Generation Network?**

Because NGN is generally understood to evolve from the legacy PSTN, it is natural that incumbent PSTN operators (Telecom in NZ) tend to assume that any "NGN" will be something owned and operated by themselves, and structured to serve the commercial interests of the owners.

This view is inconsistent with the general objectives proposed by the Commission, and also contrary to the pro-competitive assumptions of TUANZ and of the Telecommunications Act.

Since 2004 the International Telecommunication Union (ITU) has been addressing a wide range of standardization issues essential to the effective development of NGN networks and services for an integrated, interconnected global market. The work has the support of a huge range of stakeholders including the global equipment manufacturers, global network operators, and value-added service providers. Its key defining feature is that NGN networks provide a high degree of competitive access to each layer of the network service stack.

***"[ITU-T Rec. Y.2001 (12/2004)]***

### ***DEFINITIONS***

***3.1 Next Generation Network (NGN):*** *A packet-based network able to provide telecommunication services and able to make use of multiple broadband, QoS-enabled transport technologies and in which service-related functions are independent from underlying transport related technologies. It enables unfettered access for users to networks and to*

*competing service providers and/or services of their choice. It supports generalized mobility which will allow consistent and ubiquitous provision of services to users."*

TUANZ strongly recommends that the Commission base its study upon this definition and repudiate any suggestions that "evolved", but closed, network architectures can claim to be NGN.

The study must start from the assumption that it is about New Zealand's Next Generation Network, not Telecom's Next Generation Network.

## **2. Interconnection at all layers**

TUANZ considers that issues of interconnection and access services are absolutely central to the development of an NGN environment that maximizes utility to users, and thereby maximizes return on investment across the industry and the national economy.

From the ITU definition quoted above, "unfettered access .. to networks and to competing service providers and/or services" requires that a standardized interconnection regime is in place that will enable interconnection not only at IP traffic level, or the equivalent of PSTN call and messaging level, but also at transport layer and at any application control layer that is part of a globally-standardised NGN architecture.

Users generally must have access to true any-to-any connectivity with any NGN-enabled device or service, without being restricted to a specific service set or device set controlled by a particular network operator.

## **3. Wholesale access for competitive service retailers**

Further to point 2, TUANZ considers that it will be vital for access options to NGN to include wholesale access for competing retail providers of various kinds of services. In this context, the study should include consideration of Telecom's plans for handling of NGN under its Operational Separation arrangements.

## **4. Telecom NGN consultation process**

TUANZ notes that Telecom will be required to manage its own NGN industry consultation program. However, the value of this consultation may be limited if Telecom is given no direction as to what must be encompassed under the heading of "NGN", and what general access obligations it may be under. To keep the horse before the cart, the Commission study needs to indicate the national NGN framework before Telecom is able to consult meaningfully with industry stakeholders regarding its own obligations.

## **5. TCF NGN processes**

TUANZ agrees that the outcome of the Commission's proposed study will be an essential input to inter-carrier consultations in the TCF.

The definition of NGN needs to indicate the scope of inter-carrier standardization and interconnection that must be addressed. Without clarity in that area, TCF processes would be slow to deliver the effective cross-carrier service platforms that users demand and expect from NGN.

## **6. Timetable**

TUANZ would urge the Commission to seek ways to compress this timetable as far as possible.

If a final report is to take anything like the projected six months, then we would urge the Commission to issue an early preliminary report indicating:

- a) The definition of NGN that it proposes to apply for the consideration of regulatory issues, and
- b) The regulatory options that have been identified following initial submissions.

This would enable TCF considerations, and Telecom's operational separation consultations, to go forward with some degree of clarity and confidence, and well as giving potential investors some indication of the future environment.

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