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Jane Hewitt
The Commerce Commission
44-52 The Terrace
PO Box 2351
Wellington 6140

Dear Jane

Vector Communications is aware of the significant challenges that the industry and users of telecommunications services face arising from the transition of telecommunications services from traditional independent platforms to multi-service IP-based technologies. We therefore acknowledge the importance of the Commission's investigation into NGN issues and are grateful for the opportunity to provide comment on the scope and format of the investigation.

Vector Communication's main concern with the emerging regulatory environment in Telecommunications is that investors need to quickly gain confidence as the new settings emerge. In general we note that the issues captured in the NGN investigation are of technical and operational nature rather than regulating access to assets. We believe that this is where the emphasis correctly lies and that care should be taken that the enquiry is not seen by prospective investors as a re-litigation of access issues. The unbundling of the local loop (including sub-loop unbundling) and the operational separation of Telecom are the correct and comprehensive mechanisms for addressing the issue of access to bottleneck assets.

The provision of new services and increased efficiencies will drive the transition to NGN through investments in new platforms and the development of intellectual property by Telecom and other Service and Network Providers. The benefits of such services and efficiencies could be lessened and delayed if there is a perception that the very investments required will be subject to regulation as they are made.

With respect to the Draft Terms of Reference, Vector Communications is in broad support noting that the main focus is on the technical and operational issues arising from the transition from PSTN to NGN environments. In line with the comments above we would like to see references to new access products and services removed from the Terms of Reference because their inclusion may increase uncertainty about the emerging climate for investment and because the issue of access to bottleneck assets is being dealt with through the Access Standard Terms Determination processes already underway.

Vector Communications would be very happy to provide clarification on issues raised in this letter. Please direct these enquiries to David Robinson (david.robinson@vector.co.nz) in the first instance.

Yours sincerely

A handwritten signature in black ink that reads "M. R. Elliott". The signature is written in a cursive style.

Maxine Elliott
General Manager
Vector Communications