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Friday, 28 March 2008

Jane Hewitt  
Telecommunications Branch  
Commerce Commission  
WELLINGTON

Dear Jane,

### **Proposed Study into Next Generation Network Issues**

Thank you for the opportunity to comment on the Commission's proposal to launch a study into Next Generation network (**NGN**) issues. We welcome the study and believe that it is important for the industry to engage on these issues with the Commission

#### *Scope*

On a more general level it is worth noting that the concept of migrating from PSTN to an NGN is legacy telco centred by its nature. However, most second tier carriers in New Zealand have had an NGN for the past decade or more. The only legacy PSTN elements in many carrier's networks is where they are required to interconnect with other telcos.

We generally agree with the proposed scope of the study. It should certainly include discussion on:

- Market technology trends and developments, highlighting the effect that these may have on industry structure
- Interconnection requirements in an NGN environment
- Whether new access products and services are needed to provide and maintain competition in the access network.

Of these most attention should be given to points two and three as these are the most important, solid issues to be resolved. The first point is very broad ranging and while it will make for interesting discussion it should not dominate the practical immediate issues that the Commission might need to consider.

There are a number of issues that arise under interconnection requirements. Interconnection should be IP and should cover voice, data and VPNs but there are number of other issues that arise and could be considered such as:

- NGN service roaming and portability requirements
- Service enhancement consistency e.g. if NGN A supports high quality voice codec while NGN B does not – what is the impact on customer expectations
- Interconnect between NGNs and the Web 2.0 community
- Service connectivity across NGNs, e.g. presence status.

There are also second order issues that may fall under the first point on technology trends. These relate to quality of service and consumer expectations, for example:

- end to end QOS monitoring and measurement, especially across NGNs

- NGN security and lawful intercept issues

The Commission notes on page 2 of its Terms of Reference document that other process are being undertaken in relation to NGN issues arising from the Minister's determination on the separation of Telecom. The fact that these process will be underway should not preclude them from being considered in the context of the Commission's study. Coordination will needed so that the synergies anticipated by the Commission can occur.

#### *Aims*

The Commission's aims are sensible. For industry participants there is particular value in having a robust analytical framework for assessing the impact of NGN on competition issues and giving increased certainty around likely regulatory responses.

Any possible regulation should focus around equivalence of access to bottleneck assets and must take care not to stifle innovation. Equally, it will be important to ensure that Telecom is not allowed to use its NGN to escape the power of current regulation. A fibre access network should be treated similarly to today's copper access network, assuming it is still a bottleneck asset for example, use of GPON technology should not be preclude equivalence of access.

#### *Interaction*

As mentioned above, while doubling up on related work should be avoided, the progress of any related activities such as the peering study and Telecom's consultation should be observed not considered out of scope.

If any of the related processes are not delivering in a timely manner then the Commission should consider undertaking its own activities. This could include the Commission monitoring Telecom's operational separation obligations to ensure progress does not stifle broader NGN developments across the industry.

#### *Phases*

Telecom should not be allowed to make changes in areas that are subject to regulation and would have a negative impact on interconnected carriers or wholesale services until the regulatory process is enhanced to deal with those changes.

#### *Conclusion*

Vodafone looks forward to participating in the workshop proposed by the Commission. Should the Commission have any question regarding this letter I can be contacted on 021 275 0003 or [david.diprose@vodafone.com](mailto:david.diprose@vodafone.com)

Yours sincerely,



David Diprose