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Unbundling Draft Report
Network Access Group
New Zealand Commerce Commission
PO Box 2351
Wellington
New Zealand

Also by email.

Attn: M/s Alex Cheetham

Dear Madam

Re: Unbundling the Local Loop and fixed Public Data Network

Visionstream is an active participant in the provision of local access infrastructure for both incumbent and competitive access seekers in Australia. Our experience ranges from the installation and commissioning of broadband access services utilising unbundled local loops, through to the development of turn-key competitive wireless local loop solutions. Today we are one of Australia's largest carrier independent telecommunications infrastructure and services providers.

As part of the Leighton Group of companies Visionstream has had significant involvement in several substantial telecommunications infrastructure projects since de-regulation of the Australian Telecommunications Industry. Our role in these projects has invariably been as a lead consortium member.

Our experience is such that were it not for the de-regulation of the Australian Telecommunication's Industry, we would not have been able to pursue these initiatives and contribute to the growth of the industry. As a result we have witnessed dramatic improvements in access to competitive services, rapid broadband services uptake, and regional development and employment.

It is in this respect that Visionstream takes issue with any suggestion that unbundling of the local loop in any telecommunication's environment would operate as a disincentive to future investment in telecommunications' infrastructure. Consequently Visionstream fully endorses the Commission's view.

Visionstream also supports the view that unbundling avoids duplication of networks which, having regard to the size of the New Zealand market, would be difficult to justify on economic grounds - not to mention the unnecessary impact on the environment.



Accordingly we support the Commission's draft recommendation to designate access to the unbundled local loop, fixed public data network, co-location services and backhaul services. From our experience in the Australian market we believe that designation of these services is a significant step toward encouraging competition in data and broadband service provision. Sustainable competition will ultimately drive broadband service uptake through the utilisation of competitive infrastructure, price reductions and service provider choice.

We are however concerned about two areas within your draft report: the failure to recommend designation of the layer 2 bitstream; and the separation of particular exchange service areas (ESAs) as competitive.

Whilst we have an interest in the provision of new access infrastructure, failure to designate the bitstream will unnecessarily limit the service provision choices of an access seeker. In Australia more than half of Telstra's broadband connections are sold by access seekers using a wholesale layer 2 bitstream service. Access seekers therefore have the option of optimising their capital investment by deploying infrastructure where it's most cost-effective and utilising wholesale bitstream access to serve their customers in other areas and until service demand warrants infrastructure deployment. We believe that designation of the bitstream is an essential element in the stimulation of sustainable competition and consumer choice.

We also note your special treatment of particular ESAs and do not believe that this is necessary or warranted. Consumer demand and service provider choice are two key factors for broadband uptake, and to limit choice will constrain uptake. Access seekers should be free to make their infrastructure investment decisions on market and commercial grounds, and to take potential areas of market demand from their scope will constrain consumer choice and service uptake.

In conclusion, to stimulate competition and the uptake of broadband data services in New Zealand, and the resulting benefits to consumers and the industry, Visionstream:

- Supports the designation of unbundled local loop, fixed public data network, co-location and backhaul services.
- Recommends that the Commission recommend designation of the bitstream.
- Does not support the special treatment of particular exchange service areas.

Thank you for the opportunity to comment on the Draft Report. We look forward to the implementation of your recommendations and the stimulation of broadband demand in New Zealand.

Yours faithfully
Visionstream Pty Limited

Original signed

Malcolm Roe
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