

27 May 2003

Unbundling Issues Paper
Network Access Group
Commerce Commission
PO Box 2351
Wellington

Email:telecommunications@comcom.govt.nz

Dear Sir

Nortel Networks is pleased to be able to submit its comments in response to the Unbundling Issues Paper and apologises for not meeting the original publicised deadline.

Nortel Networks is a global corporation focused on transforming how the world communicates and exchanges information, and on leveraging technology to drive business profitability and better the lives of people all over the world.

Nortel Networks supplies service provider customers and business enterprises and institutions of all types and sizes with communications technology and infrastructure – enabling value-added IP (Internet Protocol) data, voice and multimedia services across high-performance optical, wireless and metro and enterprise networks. Customers in more than 150 countries recognize Nortel Networks as a pioneer, innovator and benchmarking pacesetter in global telecommunications.

In New Zealand, Nortel Networks is a supplier to TelstraClear, Telecom New Zealand, United Networks, Vodafone NZ, many government departments and major NZ Businesses.

Nortel Networks made significant contributions during the development of many of the DSL technologies used today to provide broadband services over paired copper access networks. We have extensive experience in the deployment of these technologies in major markets, although we no longer supply these technologies due to the refocusing of the business as it responded to the rapidly changing telecommunications market in 2001 and 2002. We retain a keen interest in the growing the use of broadband access technologies because we supply many carriers with the core data networks and optical transmission systems used to carry the traffic generated by customers using these technologies.

For New Zealand, as for other countries, the decision whether to unbundled the local loop or not, requires a balance of: the emphasis placed on telecommunications infrastructure competition versus service competition; measures to encourage broadband uptake by having attractive retail prices and innovation in service delivery choice; and local social and economic considerations. A criterion for this Review is of course the promotion of competition in telecommunications markets for the long-term benefit of end-users as specified in the Act and as noted in the Commission's issues

paper. Similar criterion have led many other OECD countries to decide to unbundle the local loop.

In a number of places, including question 4.2, the Issues Paper asks about technical and practical issues that the Commission needs to consider. While the technical issues in deploying DSL technologies, particularly on an unbundled local loop, may appear complex to the non expert, this is now common practice in countries with an unbundled local loop as identified in the Issues Paper. New Zealand is now in the position of being able to draw on the work done by other countries in implementing an unbundled local loop for DSL. This should greatly simplify the task of developing technical requirements for an unbundled local loop in New Zealand because the issues, process etc are now well understood and documented.

For example, the Australian Communications Industry Forum (ACIF) developed a complete suite of network deployment rules, customer equipment standards, and operational procedures at time when major market such as the US and UK were developing their equivalent arrangements. This made the task more challenging but the critical technical issues were resolved by a handful of people who had or acquired the necessary expertise. The most challenging issue on which to achieve agreement and which saw a lot of debate was a commercial/competition issue rather than technical issue.

The ACIF Network Deployment Rules and DSL customer equipment standard provide a good basis to work from. The process of developing these is well documented with a procedure developed to allow more equipment classes to be added and further work is currently being considered to add more DSL technologies such as VDSL. The requirements for DSL technologies are derived from international standards.

These should be adaptable for the Telecom network but the extent of any adaptation needed, if any, requires technical measurements to be made on the Telecom network and the impact assessed.

Nortel Networks would be please to elaborate on the above comments and its experience with the unbundled local loop overseas. Graeme King, our regulatory specialist for South Asia, was on the ACIF ULL Project Management Group, a member of the working group that developed the Network Deployment Rules and chair of the working group for the DSL customer equipment standard is available to assist the Commission. He can be contacted at +61 2 6279 7710.

Yours faithfully

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