

15 May 2009

Commerce Commission
44-52, the Terrace
WELLINGTON
By email: sham.panchacharan@comcom.govt.nz

Review of Resale Services under schedule 3 of the Telecommunications Act 2001

Introduction

Kordia Group thanks the Commerce Commission for the opportunity to comment on the Review of Designated Access services.

Kordia Group's understanding is that Telecom's intent in requesting this review can be summarized as follows: -

1. Telecom wishes to retire resale WBS on the basis that a more 'generic' or intermediary product is available in the form of UBA.
2. Telecom wishes to remove the designation of all legacy data products.
3. Telecom wishes to remove the designation of Homeline & Business line services

As a general comment we are concerned with attempts to 'rollback' regulation given the improvements that have been made as a result of the regulatory initiatives since 2004. However the market is still dominated by the large incumbents.

We have focused our response to those three issues however we are happy to provide further information if required.

1. Resale WBS

The regulated Basic UBA has largely superseded the WBS. Kordia does not believe there is a need to continue to regulate WBS.

2. Legacy data Products

A small quantity of these data products are still used in the market. Kordia suggests that it may be appropriate to remove the designation of the service where a clear migration path (which does not disadvantage end customers or service providers) to a new product is available.

KORDIA GROUP LIMITED

Level 4 | Fidelity House | 81 Carlton Gore Road | Newmarket | Auckland 1023

PO Box 2495 | Auckland 1140 | New Zealand

T. +64 9 916 6400 | F. +64 9 916 6446 | W. www.kordiasolutions.com

The Kordia[®] name, logo, circle device in "Kordia" and strap line "People and technology as one" are all registered trademarks of Kordia Group Limited and may not be used or reproduced without permission.

3. Homelines and Business Lines

Kordia is strongly opposed to any removal of regulation for these services. Access to these services will continue to be critical to competition until the migration off the PSTN in 2020.

There is an increasing trend to bundle services with access therefore the availability of a regulated service is a critical component in enabling competition across a number of services.

Kordia Group continues to consume these services and experience growth in the number of services. We are happy to provide the Commission with further details.

Orcon has deployed LLU in Auckland and Wellington and this provides an alternative to the Telecom service. However we still envisage future demand for Telecom resold lines. In particular:

- Deployment of LLU is only in Auckland and Wellington and therefore provide limited geographic based alternatives
- The Telecom cabinetisation plan has severely impacted on the availability of exchange based LLU in affected areas. We are happy to provide the Commission with further details on the impact of this.

Kordia is concerned that the removal of services as designated services may have unforeseen implications for Telecom's obligations under operational separation whereby Telecom is not required to provide equivalence of input for non-regulated services. We have seen through the recent "loyalty offer", an attempt by Telecom Wholesale to get around its obligations in the undertakings to provide equivalence.

For further information from Kordia Group please contact:

Susie Stone
General Manager Strategic Development
Kordia Group