



**GOVERNMENT & INDUSTRY RELATIONS
Telecom New Zealand**

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Chris Abbott
Commerce Commission
PO Box 2351
WELLINGTON

Dear Chris

RE: Number Portability Functions and Standards: Draft Determination

Introduction

Telecom has reviewed the submissions received by the Commission on the Draft TCF Number Portability Codes. The draft timetable recently published by the Commission does not allow for cross-submissions prior to the Draft Determination being published. Telecom considers that cross-submissions are not necessary.

However, in order to assist the Commission produce a Draft Determination in the indicated timeframe, particularly in regard to the complex international SMS issue, Telecom wishes to briefly comment on:

1. Vodafone's most recent suggestion for resolving the international SMS issue, which differs to that which was included in the Draft Network Code (and which Telecom commented on its previous submission); and
2. TelstraClear's submission on the appropriate term of the Determination, which is an issue that the Commission did not call for submissions on, so Telecom has not had the opportunity to put forward its view.

Telecom relies on its earlier submission and notes that failure to comment on an issue raised by TelstraClear or Vodafone should not be taken as agreement on Telecom's part and Telecom reserves all its rights to make future submissions.

Vodafone's submission on internationally-originated SMS

Essentially, Vodafone proposes that:

- all New Zealand mobile network operators ("MNOs") be permitted to open up any New Zealand number ranges in their SMS agreements with international operators;
- all MNOs be required to transit text messages received from international operators with whom both the DNO and the RNO have SMS connectivity; and

- otherwise, there should be no requirement on MNOs to transit text messages they receive which are addressed to numbers not on their network(s).

Telecom does not consider that this proposed solution will solve the difficulty in relation to the receipt and delivery of internationally-originated SMS, any more than Vodafone's previous proposed solution.

Firstly, it would be of limited applicability - to Telecom's knowledge, only [**COI**] overseas carriers currently have bilateral SMS interconnection agreements with both Telecom and Vodafone.

Secondly, it would risk locking Telecom (and other MNOs) out of SMS interconnection agreements with any of the operators Vodafone currently has SMS interconnection agreements with (Telecom is uncertain as to exactly how many carriers Vodafone has agreements with, but understands the number is over 100¹). By contrast, Telecom currently has SMS interconnection agreements with [

COI]. In

Telecom's previous submission, we noted a concern that Vodafone would seek to extend its SMS international arrangements to cover Telecom's NAD-allocated number ranges. Vodafone has stated in its submission its firm intention to do this, by requesting its international partners to "deliver to it all SMS traffic destined for New Zealand mobile number ranges"². As Telecom pointed out in its previous submission, this could in effect lock Telecom out of agreeing SMS connectivity with those international operators (see paragraph 60.2 of that submission), as:

- No international operator would agree to "split" delivery of +64 27 traffic between Vodafone and Telecom – this would cause significant unwanted complexity for comparatively little benefit to the operator; and
- Due to its size, Telecom would have great difficulty convincing international operators that had already opened the +64 27 number range up for Vodafone to enter negotiations, sign agreements and switch delivery of all of those messages over to Telecom (especially given the Vodafone Group's bargaining power).

Telecom does not therefore consider that this solution would satisfy the section 18 purpose statement of the Act. Telecom remains of the view, as outlined in its earlier submissions, that the only acceptable solution is for all MNOs to open up all New Zealand number ranges in their international SMS agreements, and transit any messages received which are destined for customers on another MNO's network, to that MNO.

Accordingly, the Commission should therefore replace the current clause 6.7 with the following wording:

Section 14.3.1 applies to internationally originated and destined SMS in full. With respect to internationally originated or destined SMS, no Carrier (Carrier 1) may use another Carrier's (Carrier 2) NAD-allocated number range in any agreements Carrier 1 has with overseas operators, without Carrier 2's prior written permission.

Telecom would be happy to expand on any of the above.

¹ Vodafone advertises on its website that Vodafone customers can roam to over 100 countries, and have two-way texting while doing so to most of these. Where GSM carriers sign roaming agreements with each other (these are known as AA12 agreements), two way SMS interconnection is typically also provided for in an AA19 Addendum. Note that it is likely Vodafone has roaming agreements with more than one carrier in many countries, suggesting that actual number of carriers with which it had SMS interconnection agreements could actually be much higher than we have estimated.

² Vodafone Number Portability Functions and Standards submission, 11 March 2005, p7.

TelstraClear's submission on the term of the Determination

Telecom does not agree with TelstraClear's proposal as to the term of the Determination. Telecom considers that the Functions and Standards Determination and the Cost Allocation Determination should have the same term. Telecom refers to its submissions on the term of the Determination in the context of Cost Allocation.³

Yours sincerely

A handwritten signature in blue ink, appearing to read 'BP', is positioned below the closing text.

Bruce Parkes
General Manager
Government and Industry Relations

³ Telecom submission dated 7 February 2005, paragraphs 93-98.