



Dr Ross Patterson  
Telecommunications Commissioner  
Commerce Commission

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Dear Ross

### **ANS UNIT'S ACCOMMODATION**

Clause 36 of the Telecom Separation Undertakings provided to the Minister of Communications on 25 March 2008 in accordance with section 69K(2)(c) of the Telecommunications Act 2001 ('the Undertakings') states that:

36.1 All Employees working for the ANS Unit will be located in access controlled accommodation that is separately secured from all other parts of Telecom.

This letter describes the arrangements that have been made to meet the obligations of clause 36 of the Undertakings. Please note that all references in this letter to "Employee" or "Employees" are references to employees working for the ANS Unit ('Chorus'). Staff from the rest of Telecom are referred to as "staff".

#### General

All Employees who provide, purchase or are otherwise involved with Relevant Network Access Services, have been located, since 31 March 2008, in access controlled accommodation that is separately secured from all other parts of Telecom.

We do not think that clause 36 applies to Employees who do not provide, purchase or are not otherwise involved with Relevant Network Access Services. Employees, and also contractors, who are working on the WCDMA mobile project are not located in access controlled accommodation that is separately secured from all other parts of Telecom, and are not included in the tables in the Appendix.

#### Main Offices

Clause 36 continues:

36.2 No later than 12 months after the Separation Day all Employees working for the ANS Unit will be located in accommodation that is separately located from all other parts of Telecom.

Accommodation that is separately located from all other parts of Telecom has been arranged in respect of Employees located in the following locations:

- (1) Wellington;
- (2) Auckland;
- (3) Christchurch; and
- (4) Nelson.

## Outlying Offices

Clause 36 goes on to state that:

- 36.3 Notwithstanding clause 36.2 an Employee working for the ANS Unit is not required to be located in separate accommodation if:
- (a) the Employee works in a place where the ANS Unit does not have a significant number of Employees; and
  - (b) the Commission has agreed, on application by Telecom, that:
    - (i) It would be impractical or unreasonably expensive to comply with the requirement in clause 36.2 in relation to that Employee; and
    - (ii) Appropriate alternative procedures are in place in relation to the Employee in order to ensure compliance with the Arm's-Length Rules that apply to the ANS Unit.

Telecom considers that clause 36.3 of the Undertakings applies in respect of the 16 Employees located in the following nine locations:

- (1) Dunedin;
- (2) Invercargill;
- (3) Napier;
- (4) New Plymouth;
- (5) Palmerston North;
- (6) Tauranga;
- (7) Rotorua;
- (8) Timaru; and
- (9) Whangarei.

Telecom considers that it would be both impractical and unreasonably expensive to comply with the requirement in clause 36.2 in relation to these 16 Employees.

### *Outlying Offices' Arrangements*

In relation to the Employees in each of these nine locations, Telecom has already put in place the following alternative procedures in order to ensure compliance with the Arm's-Length Rules that apply to the ANS Unit:

- (1) Separate and secure printing, facsimile and scanning facilities;
- (2) Separate and secure physical and electronic filing facilities; and
- (3) Separate and secure document destruction bins.

The only minor outstanding detail, is that the Chorus Dunedin office is yet to install a separate document destruction bin. This will be installed in the near future.

In each of these ten locations, Employees share kitchen/cafeteria facilities with staff from other parts of Telecom. We do not think it is necessary to put in place an alternative procedure for the purposes of clause 36.3(b)(ii), because the use of separate kitchen facilities is not required to ensure compliance with the Arm's-Length rules that apply to the ANS unit.

We ask that the Commission confirms its agreement that the requirements of clause 36.3(b) have been met for Employees located at each of the locations described above. We would appreciate the Commission's response as soon as practical so that we can undertake any necessary changes to our current arrangements.

#### Issues for Discussion

There are two locations where Telecom would particularly appreciate the Commission's view on the present arrangements. We would greatly appreciate a preliminary view on the Hamilton office within the next two weeks, as we have been told there would be a considerable lead time in obtaining and outfitting alternative office accommodation by 31 March 2009.

#### *Hamilton office*

It is possible that the Chorus offices in Hamilton may not comply with clause 36.2, if the status quo were to remain in place on 31 March 2009. The Hamilton office is located in a secure area on level 3 of the Caro Street Telephone Exchange - Shared Services staff are also located outside the Chorus secure area on level 3, and elsewhere throughout the building. We note that staff from Telecom Retail, Gen-i and Telecom Wholesale are not accommodated in the Building.

Chorus considers it would be impractical to comply with the requirement in clause 36.2 for separately located accommodation. The Hamilton office is unique because it holds the national records centre for network inventory management of the Telecom network – Employees in the Hamilton office need to access these records daily to perform their work, making it impractical for the Employees to be located in a different building to the records centre. The manual records in question are housed in more than 70 aerial map cabinets: each 1 metre high, 50 centimetres deep and 80 centimetres wide, as well as more than 25 4-drawer filing cabinets: each 1.2 metres high, 60 centimetres deep and 50 cm wide. The Caro Street Building includes a storage area for these records. We estimate it would cost approximately \$450,000 to outfit new offices to accommodate the Hamilton Employees and the record centre.

There are currently 21 Chorus Employees in Hamilton, a number likely to increase in the short term; arguably, therefore, the requirement in clause 36.3(a) that there not be a significant number of Employees may not be met. However, we would appreciate the Commission's view on a practical way forward for the accommodation of Chorus' Hamilton based Employees within their current Building. The Commission's earliest possible view, before the end of July 2008 if possible, on the compliance of our Hamilton accommodation would enable Chorus the best possible notice to find and fit-out new accommodation before 31 March 2009 should the Hamilton accommodation be deemed non-compliant.

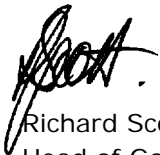
#### *Mayoral Drive*

There is also an Employee housed in the Mayoral Drive Exchange Building in Auckland. The nature of this Employee's work is centric to the Mayoral Drive Exchange Building and its network elements. Chorus would like to discuss with the Commission a pragmatic way forward for housing this Employee in the Mayoral Drive Exchange Building.

The attached Appendix describes the accommodation arrangements Telecom has made in each of the locations through-out New Zealand where affected Employees are located.

Please do not hesitate to contact me if you require any further information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R Scott', with a small horizontal line extending from the end.

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Head of Government and Industry Relations  
Chorus

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## APPENDIX – CHORUS ACCOMMODATION

### LOCATION 1 – WELLINGTON

City	Wellington
Number of Employees	45 Employees
Location	Level 3, Deloitte House, 10 Brandon St, Wellington.
Description of Accommodation	Chorus' Headquarters and Wellington Offices.
Clause 36.1	Access to offices are by secure Chorus access card.
Clause 36.2	Accommodation is on a discrete floor of Deloitte House. No other Telecom staff are accommodated in Deloitte House.
Telecom's view	Accommodation fully meets the requirements of clause 36.

### LOCATION 2 – AUCKLAND

City	Auckland
Number of Employees	51 Employees
Location	Level 3, Tech Rentals House, 42 Upper Queen St, Wellington.
Description of Accommodation	Chorus' Auckland Offices.
Clause 36.1	Access to offices are by secure Chorus access card.
Clause 36.2	Accommodation is on a discrete floor of Tech Rentals House. No other Telecom staff are accommodated in Tech Rentals House.
Telecom's view	Accommodation fully meets the requirements of clause 36.

City	Auckland
Number of Employees	1 Employee
Location	Mayoral Drive, Auckland
Description of Accommodation	Mayoral Drive Telephone Exchange.
Clause 36.1	Access to the Chorus offices are by secure access card. Secure offices are shared with 2 staff from Downers EDI Engineering who have secure card access.
Clause 36.2	A range of Telecom staff are housed in offices within the Mayoral Drive Exchange Building including Telecom Wholesale staff. The Chorus staff member is in secure accommodation on a discrete floor of the Mayoral Drive Exchange.
Telecom's view	The Employee is responsible for mobile, security and network issues in the Auckland CBD and Howick areas. It is sensible for him to be located in the Mayoral Drive Exchange where much of his work is conducted. Telecom considers that this case will not comply with clause 36.2 if the status quo remains on 31 March 2009. In Telecom's view, clause 36.3 would not apply; while Telecom considers that it would be impractical for it to comply with clause 36.2 in this instance (because the nature of the Employee's work is centric to the Mayoral Drive Exchange Building and its network elements), Telecom considers that there are a significant number of Employees in the Auckland area for the purposes of clause 36.3(a). Chorus would like to discuss with the Commission a pragmatic way forward for housing this Employee in the Mayoral Drive Exchange Building.

### LOCATION 3 – CHRISTCHURCH

City	Christchurch
Number of Employees	18 Employees
Location	Level 1, Gen-i Building, 52 Oxford Terrace, Christchurch.
Description of Accommodation	Chorus' Christchurch Offices.
Clause 36.1	Access to offices are by secure Chorus access card.
Clause 36.2	Accommodation is on a discrete floor of the Gen-i Building. The only other part of Telecom accommodated in the Gen-i Bulding is the mobile implementation team on a separate level (level 2). Gen-i is not present in the building.
Telecom view	Accommodation fully meets the requirements of clause 36.

### LOCATION 4 – HAMILTON

City	Hamilton
Number of Employees	20 Employees
Location	Level 3, Caro St Exchange, Caro St, Hamilton
Description of Accommodation	Office accommodation within a Hamilton Exchange Building.
Clause 36.1	Access to offices are by secure Chorus access card.
Clause 36.2	Accommodation is on a floor shared with Shared Services staff. There are staff from Field Services and Network Operations in the Building, as well as EDS, Gooder United and Alcatel Lucent.
Telecom view	<i>See description above.</i>

## LOCATION 5 – DUNEDIN

City	Dunedin
Number of Employees	2 Employees
Location	Level 4, Central Exchange, Tennyson St, Dunedin.
Description of Accommodation	Office accommodation within the Dunedin Central Exchange Building.
Clause 36.1	Access to offices are by secure Chorus access card.
Clause 36.2 and 36.3	<p>The Employees in Dunedin will not be located in accommodation that is separately located from all other parts of Telecom because:</p> <ul style="list-style-type: none"> <li>• only 2 Employees are located in Dunedin;</li> <li>• it would be impractical and unreasonably expensive to comply with clause 36.2;</li> <li>• appropriate alternative procedures will in place.</li> </ul> <p>Also in the building are staff from Gen-i, Yellow Pages and Shared Services. The Employees are on a discrete floor of the Building.</p>

## LOCATION 6 – INVERCARGILL

City	Invercargill
Number of Employees	1 Employee
Location	Level 2, Central Exchange, 10 The Crescent, Invercargill.
Description of Accommodation	Office accommodation within the Invercargill Central Exchange Building.
Clause 36.1	Access to offices are by secure Chorus access card.
Clause 36.2 and 36.3	<p>The Employee in Invercargill will not be located in accommodation that is separately located from all other parts of Telecom because:</p> <ul style="list-style-type: none"> <li>• only 1 Employee is located in Invercargill;</li> <li>• it would be impractical and unreasonably expensive to comply with clause 36.2;</li> <li>• appropriate alternative procedures will be in place.</li> </ul> <p>Also in the building are staff from Gen-i and Consumer New Zealand on the same floor as the Chorus office.</p>

## LOCATION 7 – NAPIER

City	Napier
Number of Employees	2 Employees
Location	Level 1, Telephone Exchange, 814 Browning St, Napier.
Description of Accommodation	Office accommodation within a Napier Telephone Exchange Building.
Clause 36.1	Access to offices are by secure Chorus access card.
Clause 36.2 and 36.3	<p>The Employees in Napier will not be located in accommodation that is separately located from all other parts of Telecom because:</p> <ul style="list-style-type: none"> <li>• only 2 Employee are located in Napier;</li> <li>• it would be impractical and unreasonably expensive to comply with clause 36.2;</li> <li>• appropriate alternative procedures will be in place.</li> </ul> <p>Also in the building are Gen-i staff on the floor above the Chorus office.</p>

## LOCATION 8 – NELSON

City	Nelson
Number of Employees	4 Employees
Location	Level 2, Exchange Building, Halifax St, Nelson.
Description of Accommodation	Office accommodation within a Nelson Exchange Building.
Clause 36.1	Access to offices are by secure Chorus access card.
Clause 36.2	<p>No other Telecom staff are accommodated in the Nelson Exchange Building.</p> <p>There is one Downers staff member in the Chorus office.</p>
Telecom view	Accommodation fully meets the requirements of clause 36.

## LOCATION 9 – NEW PLYMOUTH

City	New Plymouth
Number of Employees	2 Employees
Location	Exchange Building, 92-96 Liardet St, New Plymouth.
Description of Accommodation	Office accommodation within a New Plymouth Exchange Building.
Clause 36.1	Access to offices are by secure Chorus access card.
Clause 36.2 and 36.3	<p>The Employees in New Plymouth will not be located in accommodation that is separately located from all other parts of Telecom because:</p> <ul style="list-style-type: none"> <li>• only 2 Employees are located in New Plymouth;</li> <li>• it would be impractical and unreasonably expensive to comply with clause 36.2;</li> <li>• appropriate alternative procedures will be in place.</li> </ul> <p>Also in the building are Gen-i staff on a different floor to the Chorus office.</p>

## LOCATION 10 – PALMERSTON NORTH

City	Palmerston North
Number of Employees	2 Employees
Location	Level 0, PMTC Building, 514 Main St, Palmerston North.
Description of Accommodation	Office accommodation in Palmerston North.
Clause 36.1	Access to offices are by secure Chorus access card.
Clause 36.2 and 36.3	<p>The Employees in Palmerston North will not be located in accommodation that is separately located from all other parts of Telecom because:</p> <ul style="list-style-type: none"> <li>• only 2 Employees are located in Palmerston North;</li> <li>• it would be impractical and unreasonably expensive to comply with clause 36.2;</li> <li>• appropriate alternative procedures will be in place.</li> </ul> <p>Also in the building are staff from Retail and Shared Services on a different floor to the Chorus office.</p>

## LOCATION 11 – ROTORUA

City	Rotorua
Number of Employees	1 Employee
Location	Level 3, Exchange Building, Hinemoa St, Rotorua.
Description of Accommodation	Office accommodation within a Rotorua Exchange Building.
Clause 36.1	Access to offices are by secure Chorus access card. The Chorus office is on a discrete floor.
Clause 36.2 and 36.3	<p>The Employee in Rotorua will not be located in accommodation that is separately located from all other parts of Telecom because:</p> <ul style="list-style-type: none"> <li>• only 1 Employees are located in Rotorua;</li> <li>• it would be impractical and unreasonably expensive to comply with clause 36.2;</li> <li>• appropriate alternative procedures will be in place.</li> </ul> <p>Also in the building is 1 other Telecom staff member.</p>

## LOCATION 12 – TAURANGA

City	Tauranga
Number of Employees	2 Employees
Location	Level 1, Exchange Building, 570 Cameron Rd, Tauranga.
Description of Accommodation	Office accommodation within a Tauranga Exchange Building.
Clause 36.1	Access to offices are by secure Chorus access card.
Clause 36.2 and 36.3	<p>The Employees in Tauranga will not be located in accommodation that is separately located from all other parts of Telecom because:</p> <ul style="list-style-type: none"> <li>• only 2 Employees are located in Tauranga;</li> <li>• it would be impractical and unreasonably expensive to comply with clause 36.2;</li> <li>• appropriate alternative procedures will be in place.</li> </ul> <p>Also in the building are staff from Retail, Gen-i and Technology and Enterprise on the same floor as the Chorus office.</p>

### LOCATION 13 – TIMARU

City	Timaru
Number of Employees	1 Employee
Location	Central Exchange Building, 22 Sophia St, Timaru.
Description of Accommodation	Office accommodation within the Timaru Central Exchange Building.
Clause 36.1	Access to offices are by secure Chorus access card.
Clause 36.2	<p>The Employee in Timaru will not be located in accommodation that is separately located from all other parts of Telecom because:</p> <ul style="list-style-type: none"> <li>• only 1 Employee is located in Timaru;</li> <li>• it would be impractical and unreasonably expensive to comply with clause 36.2;</li> <li>• appropriate alternative procedures will be in place.</li> </ul> <p>Also in the bulding are staff from Gen-i, on a separate floor to the Chorus office.</p>

### LOCATION 14 – WHANGAREI

City	Whangarei
Number of Employees	3 Employees
Location	Level 2, Exchange Building, 20 Walton St, Whangarei.
Description of Accommodation	Office accommodation within the Whangarei Exchange Building.
Clause 36.1	Access to offices are by secure Chorus access card.
Clause 36.2	<p>The Employees in Whangarei will not be located in accommodation that is separately located from all other parts of Telecom because:</p> <ul style="list-style-type: none"> <li>• only 3 Employees are located in Whangarei;</li> <li>• it would be impractical and unreasonably expensive to comply with clause 36.2;</li> <li>• appropriate alternative procedures will be in place.</li> </ul> <p>Also in the builing, on a separate floor, are staff from Gen-i and Retail.</p>