

COMMERCE COMMISSION

Please refer to:

10985  
716247\_1

21 July 2008

Richard Scott  
Head of Government and Industry Relations  
Chorus  
PO Box 632  
Wellington 6140

Copy:  
Mr Barry Paterson. IOG  
John Wesley-Smith

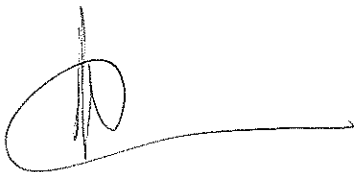
Dear Richard,

**Chorus Accommodation – Clause 36, Telecom Undertakings**

1. We acknowledge receipt of your letter dated 8 July 2008 which describes how Telecom will meet the requirements of clause 36 of Telecom's Separation Undertakings (the 'Undertakings'), and also sets out the details of the accommodation arrangements that the ANS Unit (Chorus) wishes to implement. Your letter seeks the Commission's agreement under clause 36.3 of the Undertakings to the accommodation plan.
2. Clause 36 sets out an obligation for Telecom to ensure that all employees working for Chorus are located in access controlled accommodation that is separately secured from all other parts of Telecom and by 31 March 2009 separately located from all other parts of Telecom. Clause 36.3 allows an exception 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.

3. The Commission has considered the contents of the letter and provides the following views on the proposed arrangements.
4. Chorus is required to manage its operations within the overall requirements of clause 36 and the Commission is satisfied that the proposed arrangements meet the criteria of clause 36.2 with respect to the following locations:
  - a. Wellington
  - b. Auckland
  - c. Christchurch
  - d. Nelson
5. Given the small number of employees involved, and subject to your confirmation that access to the Chorus area is by Chorus card only and for Chorus employee(s) only, the Commission is also satisfied that the requirements of clause 36.3 are met for the following locations:
  - a. Dunedin
  - b. Invercargill
  - c. Napier
  - d. New Plymouth
  - e. Palmerston North
  - f. Tauranga
  - g. Rotorua
  - h. Timaru
  - i. Whangarei
  - j. Mayoral Drive (see below)
6. Regarding the employee at Mayoral Drive, the Commission considers that it is acceptable for Auckland to have more than one "place" where employees work provided that the "places" are not immediately adjacent or involve shared facilities with other Chorus employees in the immediate vicinity.
7. In the case of Caro Street, Hamilton the Commission considers that the 21 employees are a significant number of employees. Even if the number of employees is 20, as appears in the page 7 schedule, this remains significant and in any case you indicate that this is likely to increase. Accordingly, full compliance with clause 36.2 is required. The Commission also notes that there are a significant number of Shared Services employees in the Caro St building which reinforces the Commission's view.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Dr Ross Patterson', with a long horizontal flourish extending to the right.

Dr Ross Patterson  
**Telecommunications Commissioner**