



20 May 2005

TelstraClear Bitstream Draft Determination
Commerce Commission
PO Box 2351
WELLINGTON

Chris.Abbott@comcom.govt.nz

Dear Chris

Draft determination on the application for the determination for the access to an interconnection with Telecom's fixed PDN service 'Bitstream Access'

Federated Farmers is an industry organisation representing approximately 18,500 farmers across New Zealand. Federated Farmers has a long history of representing the interests of the farming and surrounding communities across a wide spectrum of issues.

Access to broadband services is recognised as a critical element in improving the productivity and the international competitiveness of New Zealand farmers. Project Probe has enabled broadband to be available to rural New Zealand schools, and farmers in the surrounding areas. A growing number of farmers are wanting access to broadband services to assist them and their businesses.

Whilst the Federation naturally encourages and supports the Commerce Commission in any measures that will improve the appeal and price of broadband services to rural New Zealanders, the Federation does have significant concerns with any measures that could, as a by-product, compromise the ability of our members to access quality broadband services at all, and we would urge caution accordingly.

The Federated Farmers would like to highlight two key concerns with the draft as they may have a detrimental impact on our member base and their businesses:
Unconstrained Download Speeds /Reach

It is our understanding that there is a strong relationship between the offering up of unconstrained bitstream services and the resulting increase in noise/interference on

the line, and that this resulting noise will reduce the overall reach that can be managed for the delivery of broadband service.

It has been brought to the Federation's attention that the Commissions draft determination on UBS will compromise the reach of Telecom's DSL network - the obvious customers affected by any reduced reach will be those customers on the boundaries of Telecom's broadband enabled exchanges, largely our members. Many thousands of our members could either be left without service, receive compromised service performance or for those already on the fringes, be left with a potential loss of existing service.

Federated Farmers understands that many telecommunication industry forums are addressing the problem of reach through the development of spectrum management plans. The Federated Farmers would urge the Commission to let the industry continue to do this for the benefit of our members.

Pricing

Federated Farmers acknowledge that the economics of providing broadband services to rural New Zealand can often be difficult, however, it is concerning that the Commissions draft proposes a single wholesale price which could have the negative effect of making the economics for broadband roll out even more challenging.

The concern for Federated Farmers is that the logical downstream effects of a single regulated price point will be for Telecom to question any further extension of Broadband services into rural New Zealand which require revenue targets to be met off limited capacity infrastructure. This could leave our members either without prospect of service or paying significantly more for the likes of satellite broadband services.

The Federation strongly urges the Commission to be very careful as it reaches its final determination that it does not create regulation that undoes so much of the recent gains for our farmer base as far as broadband reach is concerned. It is of little comfort that broadband appeal may be improved if our member base can no longer access the services.

Yours sincerely



Catherine Petrey
Executive Director, Policy