



**The Internet Society of New Zealand Inc
(known as InternetNZ)**

**RESPONSE TO THE COMMISSION'S
STATEMENT FOR CONSULTATION ON THE
TELSTRACLEAR UNBUNDLED BITSTREAM
APPLICATION**

Public Version

(Note: there is no Restricted version)

27 October 2005

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1 Introduction

- 1.1 InternetNZ welcomes the recent Statement for Consultation from the Commission of 12 October, outlining its views on a range of matters in the TelstraClear Bitstream Determination including the key issue of whether the service should be unconstrained or not.
- 1.2 InternetNZ endorses the approach laid out in the Statement, as it is largely consistent with the positions we have argued for in previous submissions. We hope that the Commission will soon carry this approach through to the final determination, recognising that consultation has been exhaustive and that the expectation of most in the industry is that progress needs to be made.
- 1.3 In noting our support for the general approach, we recognise and appreciate that the Commission has noted the SIR issue would be an issue smaller ISPs would seek to handle differently, were they seeking a determination on access to the UBS service at some future point.
- 1.4 InternetNZ deals with a number of issues below.

2 Technical Specification: Unconstrained Peak Information Rate (PIR)

- 2.1 Having argued strongly in favour of an unconstrained service in previous submissions on a technical and policy basis, InternetNZ agrees with the draft position presented by the Commission at paragraphs 6-15 of the Statement.
- 2.2 In particular we agree with the Commission's view that the balance of advantage lies in allowing an unconstrained PIR despite any impact this may have on customers at the furthest reach of the ADSL service. The Commission rightly points out that such risk exists in any case due to Telecom's own provisioning of high speed services. In any event, InternetNZ has submitted that it has not been established that reach is affected such that there should not be a constrained speed approach.

- 2.3 With respect to paragraph 14, InternetNZ would support inclusion of newer technologies in the Determination, to preserve its applicability as more advanced technology is rolled out.

3 Technical Specification: Sustained Information Rate (SIR)

- 3.1 Paragraphs 16-19 confirm that the Commission intends to agree with TelstraClear's request that there be an SIR set at the weighted average which applies to Telecom's network. Since the determination is between TelstraClear and Telecom, this is entirely appropriate.
- 3.2 We regard the Commission's note in para 17 regarding the possibility of future determinations having different SIR parameters as being extremely important. This is because there is significant concern among ISPs that an SIR at this rate would seriously constrain their ability to deliver quality services at higher speeds with such a low SIR in place.
- 3.3 Of course, a future determination would only be sought by ISPs if they were not successful in negotiating a commercial outcome with Telecom once the current determination has been completed. As a matter of record, InternetNZ's first preference would be for a commercial outcome, avoiding the delays inherent in seeking a determination.

4 Pricing Issues

- 4.1 Having previously argued that there was no justification for the Commission to deviate from a single price point, InternetNZ is pleased to see the draft position presented in paragraphs 22-26 in favour of a single price point. The Society has put the view that the arguments raised by Telecom regarding the consequences of a single price point (a concatenation of retail price/service options to a single point) are not tenable. We maintain that position and strongly urge the Commission to carry a single price point through to the final determination.
- 4.2 InternetNZ has not made substantive comment on the level of price that has been set. As such we offer no comment in response to paragraphs 27—38.
- 4.3 The Commission's proposed price adjustment mechanism, as set out at paras 39-40, appears to be sensible.
- 4.4 InternetNZ's view regarding the churn charge issue was that the initial churn fee to be allowed was far too high. While we welcomed Telecom's unilateral drop of the fee earlier this year, we believe it should be lower still. As such we are pleased to see the Commission's comments in para 52, which would seem to indicate a substantially lower churn fee is likely.

5 Operational Support Systems

5.1 The Commission's comments at paras 46-53 appear to outline a workable solution to OSS in the circumstances of a determination applying to TelstraClear and Telecom.

6 Implementation Timeframe

6.1 Compared with previously indicated timeframes, the Commission's proposed four week requirement shows a welcome recognition of the importance of the earliest possible implementation of the service once the determination is made. We would not want to see any great slippage in the target implementation timetable in the final determination.

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