



COMMERCE COMMISSION

Please refer to:

4.3/J7821

511250-1

20 September 2006

Bruce Parkes
General Manager
Public Affairs
Telecom New Zealand Limited
PO Box 570
Wellington

Cc: David Diprose
Chairman
ISPANZ

Dear Bruce

Interim Spectrum Management Proposal for Approval

In your letter dated 6 September 2006, you provided the Commission with details of Telecom's proposed interim spectrum management plan for the introduction of unconstrained bitstream services and sought the Commission's approval for this interim plan. The plan was described in two documents namely:

- Copper Loop Frequency Management Plan, 1 September 2006
- Copper Spectrum Management: Cross Technology Impacts, 1 September 2006

Agreement on an interim plan is not a necessary precursor to the introduction of the regulated bitstream access service on or before 26 October 2006. Decision 582 requires that, should a spectrum management regime be approved by the Commission, all new bitstream access services thereafter would comply with that regime. If Telecom's interim plan is not approved prior to the introduction of the regulated bitstream access services, and a number of those services are provisioned without a spectrum management regime in place, Decision 582 noted that the risk would be very low as Telecom and the industry are working on a final plan.¹ In its submission, Telecom estimated that this would be completed later this year.²

I note from your letter that Telecom has had discussions with the industry on the interim plan but the outcome of these discussions was not mentioned. The Commission has been sent a

¹ Decision 582, para 107

² Telecom submission on the ihug/Callplus application, 12 April 2006, para 43

copy of an email dated 22 August 2006 by David Diprose, in which ISPANZ responded to Telecom on the interim plan that:

“On the information provided to date, we do not consider that a case has been established for the need for power reduction to protect services on long cable pairs or committed rate business services from unconstrained ADSL until a longer term spectrum management regime is agreed.”

ISPANZ also asked for further information but I understand that, to date, ISPANZ has not received it.

The Commission has also provided Telecom with comments on the interim plan and has asked for further information, most of which has been provided.

Unless Telecom provides more compelling evidence, the Commission’s view remains as stated in my letter dated 12 July 2006, that “there should be no need to introduce an interim plan specifically to cater for the introduction of the [regulated] unconstrained ADSL services”.

Telecom has suggested that a technical session would be a good way forward and I agree. I suggest that this be held during the week beginning 25 September 2006 and involve, as well as Telecom, members of the ISPANZ broadband working group, Commission staff and Alcatel. The Commission would consider inviting its consultant, Paul Brooks, if this session eventuates.

Depending on any new information provided and the level of agreement reached, the Commission would expect to be able to advise Telecom shortly after the session, whether its view had changed.

Could you please contact Paul Armstrong regarding the arrangements for the technical session.

Yours sincerely



Osmond Borthwick
Manager
Network Access