

27th January 2015

Simon Thomson
Manager, Telecommunications
Commerce Commission
telco@comcom.govt.nz

Dear Simon,

Our response to the Commerce Commission's consultation on possible section 30R review of the UBA STD general terms and service description

InternetNZ appreciates the opportunity to respond on this matter.

Our approach to any potential review of the Unbundled Bitstream Access (UBA) Standard Terms Determination (STD) is motivated by our desire to preserve and enhance the interests of Internet Users in New Zealand. UBA-based services are an important part of the mix of options that New Zealanders have to get online.

We submit in support of the submission made by Wigley & Company on this matter, and make the following additional points in support of this.

The Boost products that Chorus developed and proposed to the market were the primary driver for this review conversation. Our concern with Boost was that New Zealand internet Users were effectively being asked to pay a premium to secure ongoing growth in the handover rate of their connections, and that Chorus believed that it was not necessary to provide for ongoing improvement in UBA handover performance was given their interpretation of the 32kbps handover requirement in the STD.

Wigley & Company deal with this issue in their submission; we will not seek to paraphrase that argument here. Suffice to say, we believe that any innovation from Chorus cannot be reliant upon stifling the performance of the regulated product set. Accordingly, InternetNZ believes that the Commission does not need to amend or review the STD in light of Boost - instead, the Commission needs to ensure that the current terms of the STD are understood, enforced and protected to provide Chorus with unambiguous guidance as to where and how future investments and innovations should be directed. Any review of this STD should therefore seek to future proof the current service to ensure that it remains fit for the purpose to which it was intended.

We are concerned however that there are very material issues that are not currently considered by the UBA STD. One Off Charges (OOC) are one such issue for two key reasons; that they are currently subject to little oversight or control, which raises risks of unwarranted price increases by Chorus as an alternative revenue stream; and that they are significant in terms of the costs customers face. Even when these connections are amortised over the life of the customer's contract with an ISP, they will still easily amount to \$5-\$10 on a per month basis. Left uncontrolled, these charges risk becoming barriers to customers switching between providers and introduce barriers to market entry for new ISPs, in increasing the costs of customer acquisition. It is important therefore that the STD considers and controls these costs.

Similarly, we also believe ISPs need to have information available to them to provide services to customers without unnecessary encumbrance and delay. This issue is best currently illustrated with reference to VDSL connections, though we understand that the core issues are present in more than in just this case. At present, ISPs are not able to get from Chorus information about whether the customer's premise is already enabled for VDSL. This results in delay and additional cost through ISPs then having to complete the full pre-qualification process to determine whether or not VDSL installation is required, even in scenarios when that premise may already have this service enabled. This Section 30R review therefore needs to consider what information Chorus is obliged to record and provide to ISPs that would allow these ISPs to make efficient and timely choices about service provision and installation.

Please feel free to contact me if any of these points require clarification.

Sincerely,



Jordan Carter
Chief Executive