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Regarding: Draft TCF Report on the TSO for Local Service

Dear Ralph,
Thank you for this opportunity to provide feedback on the draft TCF "Report on the TSO for Local Service".

Supporting TCF

InternetNZ responded to the MED's TSO discussion document in October, commenting mainly on the rural broadband issue, where our goal is for ubiquitous broadband. In that paper we expressed our support for the TCF initiative to seek industry consensus on the future of voice and dial-up TSO.

The TCF's proposed models

InternetNZ is pleased to see the models proposed by the TCF for reform of the TSO, as a credible and well-thought-out input into the discussion.

InternetNZ agrees with the TCF proposal to update the service description so that it is technology neutral. InternetNZ has no opinion on whether the TSO requirements should be rolled back in areas deemed competitive - this is outside our ambit. InternetNZ in general supports the development of a contestable arrangement for TSO service provision, as another tool to develop a more competitive market that operates for the long term benefit of end users.

Given these, a staged migration to a contestably provided service would seem the logical approach, given the complexity in developing a contestable process that the TCF itself acknowledges, regardless of the coverage of the TSO obligations.

Rural broadband

InternetNZ agrees that the TSO arrangements, which are primarily for telephony service, should be treated separately from the issue of provision of broadband to the rural sector.

Reference can be made to recent reports from the Hi-Growth Project/NZCID and the New Zealand Institute that show broadband is key to New Zealand's economic future. With the rural sector providing 66 per cent of New Zealand exports, rural broadband issues need to be separated out from telephony issues and given serious consideration in their own right.

It would help to point out that in the broader picture, including broadband in a TSO is only one of a number of possible responses to broadband diffusion challenges. A thorough analysis of options needs to be undertaken, as has been recommended by the OECD. There are many models in use internationally that can be explored that may prove superior.

The TCF report suggests that investment in rural broadband will occur through competition between different technologies, and TSO arrangements should be changed so as not to impact that developing market (Par 6). This argument could also note the work of the Rural Broadband Working Party to propose ways in which the Government can assist in achieving a higher level of rural broadband speeds and penetration than the market is likely to provide, or in a more timely fashion.

In this respect InternetNZ would also seek for the point to be clarified where the TCF says there is “no clear public policy rationale” to include broadband as a “basic” service (Par 27). While with re-reading, the intention is clear that this relates to not providing broadband as a TSO, it could also be read to be arguing that there is no clear public policy rationale in providing for rural broadband through other mechanisms either.

Voice over broadband

In respect to the Internet, we agree that the existing TSO is not a suitable mechanism to deliver on the Government's policy. We have not commented on whether it is appropriate in respect to telephony.

However, voice services can run over broadband and the TCF's position of technology neutrality addresses this. The TCF expands (Par 36 Table) on how the provision of alternatives to copper for bitstream, such as fibre, satellite and wireless, provide competing platforms for telephony services and increase options in the rural market. The argument could be further expanded upon, that enabling alternative bitstreams to more readily be a carrier for TSO voice services enables additional incentive for providers to expand their broadband coverage into the less viable areas.

Minimum standard of voice services

Also, it could be more clearly stated that if there remains a minimum standard of telephony service, then that should be set such that it can be delivered across a variety of bitstream services. And that where there is potential to deliver less or in a way differently than that available on existing capabilities of the PSTN, such as for example, emergency location information, then this should be worked through in industry forums to find the best solution that works with modern technologies - resolution of these issues should not be allowed to be a brake on innovation, network development and migration off the PSTN.

Regards
Keith Davidson

Executive Director
InternetNZ