

**VODAFONE NEW ZEALAND LIMITED/IHUG
SUBMISSION TO INTERNET NZ**



vodafone

Peering Consultation Document

17 December 2007

1. Peering: Interpretation and Definition

The term peering is open to many interpretations. The report identifies the differences in what is meant by the word “peering” and says that emotive responses flowing from historical events can be overcome by defining as far as possible what peering means.

Do you agree with definition of peering that is proposed in the report. If not, what would be more appropriate?

Vodafone/lhug agrees with the definition proposed in para 6.2.6 of the report.

2. Cost of Transit

International benchmarking suggests the cost of transit is relatively high in New Zealand.

Do you agree? Specifically, is there a market failure or evidence of SMP (significant market power) with regard to the cost of transit? Should government conduct an investigation regarding the price of transit? And finally should Government regulate the price of transit?

Yes the cost is high, primarily due to lack of competition. Much of whatever competition that exists is regionally localised. However, we do not see a need to regulate price and do not see the need for an investigation unless it is done with a solution in mind, such as public investment into areas where competition is lacking.

3. The state of networking - lack of reliable data

The report highlights the difficulty in having any informed debate about the state of networking in relation to local, national and international data interconnection in New Zealand, without access to reliable Internet traffic data and statistics.

Do you support the need for an initiative that would collect and make available on an aggregated basis, New Zealand Internet traffic flows and volumes? If so who should collect that data? Specifically; the Telecommunication Carrier’s Forum, Commerce Commission, Ministry of Economic Development, InternetNZ, or other?

Vodafone/lhug does not see this as a high priority. If such information was collected it should be kept confidential with only high level aggregate data made public. We don’t have a strong preference for which organisation would do this

but note the Commerce Commission has responsibility under the Telecommunications Act for reporting on the performance of the telecommunications market. Any such information flow could perhaps be facilitated by the TCF Information Reporting working party.

4. Rich Media Content Distribution

The report identifies the challenges faced by content providers, particularly the distribution of audio and video files.

What initiatives with regards to peering and data interconnection would assist the growth and viability of the NZ digital content industry?

For these challenges to diminish there needs to be a reduction in the cost of peering. Without government intervention this is largely in Telecom's hands as the major provider. Although Telecom introduced a new peering proposal to the industry some time back, this is still lacking the crucial pricing information.

5. Consumer Pricing Strategies

The report suggests consumer pricing strategies that differentiate between national and international traffic might encourage a greater take-up of New Zealand-sourced content.

Do you agree?

No. ISPs have done this in the past and it made no discernable difference. The cost of international content is approximately double that of national and that is not enough difference to lead to a real change in behaviour. This challenge is firmly in the hands of producers of local content.

6. Telecom Local Peering Proposal

The report has noted a significant industry development with regards to Telecom's Local Peering Proposal, which has been the subject of industry discussions since April 2007.

Do you support the proposals put forward in Telecom's local peering initiative?

We agree with Telecom's proposal at a general level, but with some significant provisos. We do not support the concept of 29 points of interconnect (POIs), especially when there are multiple POIs in the same city. For example, Auckland has nine. This concept is clearly based on Telecom's network architecture and

this is ever-changing. There are large differences between the three current sets of POIs:

- 24 for PSTN interconnect - voice & dial-up.
- 34 for UBS - based on Telecom's legacy ATM network.
- 29 for UBA/Peering - based on Telecom's developing Ethernet network.

POIs should be geographically based and not change location with the latest technology. More than one POI in any city should be by mutual agreement for diversity purposes, not mandatory. 29 POIs is too many for New Zealand, the number should be closer to 20, with no more than one per city.

In addition, Telecom is not yet proposing to peer all of its content in its current proposal. This needs to change so that all content hosted by either party is freely peered.

7. Peering Code of Practice

The report is neutral at this time on whether a Peering Code of Practice could be a useful mechanism to progress industry cooperation on peering and data connection issues.

Do you support the need for a specific self regulatory industry initiative such as a Code of Practice to manage and develop consensus on peering and data connection issues? Failing that, should Government consider some form of regulation?

We agree that a code of practice makes sense in some respects, such as agreeing an industry set of POIs plus the rules for changing them; agreeing that all content hosted by the parties should be made available; agreeing on the technical standards of the interfaces; and agreeing on how costs of peering (or interconnect) should be allocated.

8. Other

Please comment on any other issues in the report that you feel are not covered by the above questions.

If all service providers agree to peer local content locally there should be no need for regulation. Regulation would only become desirable if the larger providers refused to peer on a reciprocal basis. Government can lead by example through its own agencies by requiring a clear public commitment to local or regional peering from its own Internet suppliers.