



Brief Submission

on the

Draft Standard Terms Determination for
UCLL (draft Decision 609)

29 August 2007

Public Version
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Internet Society of New Zealand (Inc)

Dear Osmond

1. InternetNZ makes the following points in relation to matters raised by the Commission in draft Determination 609.

Access Seeker and Provider

2. In paragraphs 21-24 of the Determination, the Commission deals with the question raised by Telecom as to whether its different business units can be both access providers and access seekers under the regime in the Telecommunications Act. InternetNZ agrees with the Commission's view that a business unit of Telecom must still be able to access the service described in the Standard Terms Determination, regardless of the fact that the same company is the Access Provider.

De-averaged Pricing

3. From page 31, the Commission sets out its thinking in respect of pricing for the UCLL service and argues that the prices should be de-averaged, with a lower urban rate and a higher non-urban rate.
4. InternetNZ supports the concept of de-averaged pricing. Given consumer density and the sizes of exchanges, LLU is likely only to initially be economic in urban areas. A pricing structure which acknowledges this reality is likely, all other things being equal, to lead to greater investment in urban LLU than would have otherwise been the case with a national price, without significantly diminishing non-urban investment which would not be likely at a national price.
5. InternetNZ notes the following caveat. The current review of the TSO is considering remote broadband issues, and government has made much noise about dealing with the needs of remote broadband users through unspecified policy mechanisms. InternetNZ's support for the de-averaged pricing is on the understanding that it is part of a package of measures that will also substantively improve investment in remote areas through non-market means.
6. This Determination will help ensure the market can best serve urban consumers, by the chosen structure of pricing. The matters in the previous paragraph are, strictly speaking, outside the Commission's jurisdiction, but need to be placed on the record.
7. InternetNZ reserves the right to comment on other matters in the draft Determination in the cross-submissions period, notwithstanding the focus of the comments in this submission.
8. Thank you for considering this submission.

Yours sincerely



Keith Davidson
Executive Director