



COMMERCE COMMISSION

Media Release

Issued 10 September 2010/no 20

Commerce Commission reports to Minister on compliance with Telecommunications Service Obligations

The Commerce Commission has advised the Minister for Communications and Information Technology that Telecom Corporation of New Zealand Limited and Sprint International New Zealand Limited have complied with all their Telecommunications Service Obligations (TSO) quality measures for the period 1 July 2009 to 30 June 2010.

Each year Telecom and Sprint are required to provide the Commission with audited information on their compliance with the Telecommunications Service Obligations (TSO) Deed for the service quality measures for the Local Residential Telephone Service (LRTS) TSO and the Telecommunications Relay Service (TRS) TSO respectively.

The service quality measures Telecom is required to report on include measures relating to line connect speed capacity for standard internet calls, unsuccessful residential call attempts and unsuccessful 111 (emergency) calls. For emergency calls, each year an average of 85 per cent of emergency calls must be answered within 15 seconds.

The service quality requirements for Sprint relate to the provision of the TSO relay services which enable hearing impaired telecommunications users to make relay calls. These TRS service quality measures require that at least 85 per cent of calls will be answered by relay assistants within 15 seconds and that no more than five calls per 100 to the TRS system will receive a busy signal. Compliance with these measures is assessed annually and is based on a review of quarterly figures.

The Commission has advised the Minister for Communications and Information Technology that it is satisfied that both Sprint and Telecom have met all Service Quality Measures.

Further information about the TSO can be found on the Commission's website www.comcom.govt.nz/telecommunications-service-obligations

Background

Telecommunications Act 2001 and the TSO Deed

The Telecommunications Service Obligations (TSO) is a regulatory framework established by the Telecommunications Act 2001. There are two TSO Deeds – one for the Local Residential Telephone Service which is between the Crown and Telecom Corporation of New Zealand Limited and Telecom New Zealand Limited. Under the Deed, Telecom must satisfy the local residential telephone service quality measures in Part II of the Schedule to the TSO Deed and must report to the Commerce Commission on its performance against the local residential telephone service quality measures.

The second TSO Deed relates to the Telecommunications Relay Services and is between the Crown and Sprint International New Zealand Limited. Under the Deed, Sprint agreed with the Crown that Telecommunications Relay Services would meet the service quality measures in Schedule 3 of the Deed.

The TSO framework has two essential features:

- It enables the supply of certain telecommunications services which would otherwise not be made available commercially.
- It also enables levying of the telecommunications industry to recover the subsidisation cost for the supply of TSO services.

The TSO for local residential telephone service is based on Telecom, as TSO Provider, supplying ordinary telephone service under a specific set of conditions. This includes continuing to offer the option of free local calling for residential customers.

Section 80 of the Telecommunications Act 2001 states:

Not later than 60 working days after the end of each financial year of a TSO provider under a TSO instrument, the Commission must –

- a) assess the TSO provider's compliance with the TSO instrument during that financial year in accordance with any process set out in the TSO instrument; and
- b) notify the TSO provider and the Minister in writing of any non-compliance by the TSO provider with the TSO instrument.

The TSO Deed relating to Telecom can be accessed from the Ministry of Economic Development's website at www.med.govt.nz/templates/MultipageDocumentTOC____4213.aspx

The TSO Deed for the Telecommunications Relay Services can be accessed from the Ministry of Economic Development's website at www.med.govt.nz/templates/ContentTopicSummary____3782.aspx

Media contact:

Felicity Connell, Senior Communications Adviser

Phone work (04) 924 3709, mobile 021 225 4454

Commission media releases can be viewed at www.comcom.govt.nz