

25 August 2005

Kate Saunders
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Commerce Commission
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Dear Kate

Vodafone comments on procedural matters relating to the review of designated and specified services

We refer to the request for comment made by the Commerce Commission (the **Commission**) on 4 August 2005 in relation to procedural matters around the Commission's review of, and potential investigations into amending, designated and specified services currently contained in the Telecommunications Act 2001 (the **Act**) (referred to collectively in this letter as the **Proposed Review**).

Vodafone welcomes the opportunity to provide comment on the procedural issues. We also provide some preliminary views on the services under consideration.

Review of designated and specified services

Vodafone supports a process of submissions, conferences or hearings and issuing draft and final reports. We also suggest that an appropriate confidentiality arrangement will also be required for the purpose of the review process, under section 15(i) of the Act and 100 of the Commerce Act 1986.

Vodafone agrees with the Commission, that separate investigations for each of the thirteen designated and specified services would be inefficient and that a grouping of services would be more appropriate.

Vodafone believes that services which are grouped for the purpose of the extension review should be grouped according to similarity of function and key characteristics. On that basis we support the grouping of services suggested in the Commission's letter of 4 August. The Act also groups services on this basis, and Vodafone can not see any justification for departing from this approach.

Vodafone believes that priority should be given to those regulated services that are currently being used, i.e. where a determination has been given, or if a determination has not been given, where an application has been made. In other words, the core regulated services, such as interconnection with Telecom's fixed PSTN, should be reviewed first, followed by the designated multinet network services and then the specified services.

Potential investigations into amending designated and specified services

The Commission has raised the issue whether it is appropriate for it to carry out potential investigations into whether designated or specified services should be amended at the same time as it is carrying out its extension reviews. Vodafone believes that, in principle,

these two processes should be kept separate. There is urgency for the Commission to complete its extension reviews, however this is not so in the case of investigations into amendment. Our concern is that the Commission may risk compromising the quality of its investigations into amendment, and the resulting decisions, if the investigation process is rushed to satisfy the extension review timeline. However, Vodafone also recognises that there may be circumstances where the Commission identifies a minor or technical amendment that is necessary. In such cases it may be appropriate to carry out a simultaneous extension review and amendment investigation. We believe however that any more substantive investigation into amendment should be given due attention and analysis, outside the time pressure of the extension reviews.

Preliminary views on amendment of designated and specified services

In general, Vodafone's preliminary views are that the following principles should apply to designated and specified services. First, we believe that the designated and specified services should be constructed in a technology-neutral manner to the maximum extent possible. We currently have some concerns that certain designated and specified services may not be technology neutral. For example, we believe that it is important that infrastructure providers have access to both local and mobile numbers for the purpose of providing services to end-users. This affects the "local telephone number portability service" designated multinet service.

Second, Vodafone believes that designated and specified services should be geared towards promoting network investment and infrastructure competition. We believe this is the best way to achieve long-term benefits for end-users in New Zealand. To this extent, services such as the "national roaming" specified service should continue to have fundamental conditions relating to roll-out and coverage on the access seeker. These are important safeguards under the Act. The rationale for those conditions remain that same as at the time those services were first specified under the Act. Such an approach is the best way to ensure that there are appropriate market incentives for infrastructure investment by access seekers.

As a final point, it should not be assumed that all of the current designated and specified services should be extended in duration. This is particularly the case for those specified services for which no applications for determinations have been filed, and for which commercial solutions have now been concluded.

We look forward to providing more detailed comments on these issues when the substantive reviews are undertaken. In the meantime, we would be happy to provide further comment on these issues if the Commission requires. Please contact me if you have any questions in relation to the contents of this letter.

Yours sincerely
Vodafone New Zealand Limited



Roger Ellis
Public Policy Manager