



**Office of Hon David Cunliffe
MP for New Lynn**

Minister of Communications
Minister for Information Technology
Associate Minister of Finance
Associate Minister of Revenue
Associate Minister for State Owned Enterprises

09 August 2005

Douglas Webb
Telecommunications Commissioner
Commerce Commission
Po Box 2351
WELLINGTON

Dear Douglas

Investigation into Regulation of Mobile Termination

Thank you for your final report of 9 June 2005 under the Telecommunications Act 2001 entitled "Schedule 3 Investigation into Regulation of Mobile Termination". I appreciate the Commission's thorough analysis and I agree that mobile termination rates are too high and must come down to the benefit of end users.

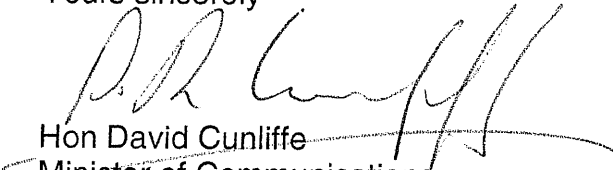
However, pursuant to clause 6(b) of Schedule 3 of the Telecommunications Act 2001 I require you to reconsider your recommendation for the reasons set out below:

1. I would like the Commission to give further consideration to the definitional and implementation issues concerning 2G and 3G which have been identified by submitters and independent technical advice. As part of the consideration I would like you to consider what alternatives are workable and have merit and dynamic efficiency benefits.
2. I would like the Commission to consider the commercial offers made to me by Telecom and Vodafone following the Commission's final report, in comparison to regulation. I attach an appendix that incorporates, without endorsement, the essential features of the offers. The offers were made to me on a commercially confidential basis but I expect the Commission to apply its usual processes to such offers.
3. I would like the Commission to give further consideration to how best to ensure that end-users benefit from reductions in wholesale mobile termination rates.

In addition, as part of its consideration, it would be useful if the Commission could consider any other significant points made in submissions to me on the Commission's final report.

I would appreciate a timely response to my request for reconsideration in the light of the benefits to end-users from lower mobile termination rates.

Yours sincerely



Hon David Cunliffe
Minister of Communications