



Facsimile

To:	Commissioner Douglas Webb	Date:	30 November 2004	
Company:	Commerce Commission	From:	Bennett Medary	
Fax Number:	04 924 3700	Fax (Sender):	+64 9 526 0421	
Subject:	Submission on Mobile Termination Rates	Phone (Sender):	+64 9 526 0463	
			No. of pages (Including this one):	3

This facsimile message contains information that is confidential and which may be subject to privilege. If you are not the intended recipient, you must not peruse, use, disseminate, distribute or copy this message. If you have received this message in error, please notify us immediately by facsimile or telephone (call us collect) and return the original message to us

Simpl House
Levels 3 and 4
Central Park
666 Great South Road
Penrose, Auckland
New Zealand

PO Box 62 534
Kalmia Street
Penrose
Auckland 1130
New Zealand
www.simpl.co.nz

Phone +64 9 526 0420
Fax +64 9 526 0421
Email info@simpl.co.nz



30 November 2004

Douglas Webb
Telecommunications Commissioner
Commerce Commission
P O Box 2351
Wellington

Dear Commissioner Webb

Submission on Mobile Termination Rates

Introduction

Simpl is a leading NZ owned ICT Integration Company, with over 140 staff and offices in both Auckland and Wellington. We are actively involved in servicing the telecommunications industry and are key suppliers of both Vodafone and TelstraClear.

Increased scope of regulation creates uncertainty and risk

Mobile Termination regulation will cost New Zealand mobile companies many millions of dollars. This additional cost arising from regulatory intervention must be recovered from somewhere. This means either lower levels of capital investment in New Zealand's infrastructure, or higher prices to customers, or cuts in operating expenditures, or a combination of all three.

Business customers will be concerned about any increase in costs of mobile telecommunications services. This concern would be heightened if such increased costs originated in unnecessary and ill-considered regulation.

I quote from today's article in the Herald quoting People Telecom:

"However, O'Hare said that while the company was looking to expand into New Zealand through either partnership or acquisition, he was "nervous" about the market here. "Until the regulatory situation is sorted out, there's going to be little chance of making a go of it." O'Hare described the Australian telco market as "behind the times" but called New Zealand's "embarrassing".

CallPlus provides voice-over IP (VoIP) technology to People Telecom, which is the basis of a second phone line service the company markets for A\$5.50 [\$6.03] a month. While O'Hare would like to offer such a service in New Zealand, the present telecommunications regime does not allow it.

Telecommunications Commissioner Douglas Webb had the opportunity in January to recommend Telecom's network be "unbundled" to open it to full competition. Instead, he devised a wholesale regime for the company to offer competitors that specifically excluded "real time" services, such as VoIP.

Simpl House
Levels 3 and 4
Central Park
666 Great South Road
Penrose, Auckland
New Zealand

Phone +64 9 526 0420
Fax +64 9 526 0421
Email info@simpl.co.nz

PO Box 62 534
Kalmia Street
Penrose
Auckland 1130
New Zealand
www.simpl.co.nz

O'Hare said that kept companies like People Telecom from investing in New Zealand.

Telecom's wholesale offer is being launched at present. However, customers are complaining about an increase in latency - the time taken for commands entered on a PC registering on a server on the other side of the network - that makes it impossible to offer VoIP services.

Under the terms of Commissioner Webb's wholesale determination, Telecom is not required to provide latency at a level suitable for VoIP. The commission is reviewing applications from TelstraClear and Ihug for faster wholesale services from Telecom. Both companies claim Telecom is unwilling to offer the services until next year."

Risk increases the cost of doing business in New Zealand

International investors are unlikely to recommend greater investment into markets that have higher levels of uncertainty or risk. As a small economy with a small domestic market export-oriented businesses face enough challenges without being further hamstrung by slow data speeds, second-rate communications facilities, and inadequate levels of capital investment caused by poor regulatory policy-settings.

Opportunity for Commission to provide policy leadership

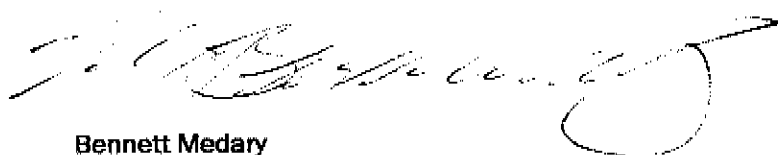
The investigation of Mobile Termination charges provides the New Zealand Commerce Commission with an opportunity to demonstrate real leadership from a policy perspective. The huge growth in capital investment, the increased competition and plethora of new services and networks that have been introduced since deregulation in the late 1980s have shown what can be achieved in a stable environment with minimal and carefully targeted regulation.

Conclusion

We understand that much of any expected benefit from MTR regulation is based on transfers between various interests. This seems an odd basis on which to base a case for intervention. The overall public benefit should be paramount. We therefore ask the Commission to forbear from regulatory intervention in the mobile communications sector.

This concludes our written submission. We do not require an opportunity to make an oral submission.

Yours faithfully



Bennett Medary
Managing Director

DDI: 09 526 0463
Mobile: 021 998 333
Email: bennett.medary@simpl.co.nz

Simpl House
Levels 3 and 4
Central Park
666 Great South Road
Penrose, Auckland
New Zealand

P.O. Box 62 534
Kaimia Street
Penrose
Auckland 1130
New Zealand
www.simpl.co.nz

Phone +64 9 526 0420
Fax +64 9 526 0421
Email info@simpl.co.nz