

12th April 2005

The Telecommunications Commissioner
The Commerce Commission
P O Box 2351
Wellington

Attention : Douglas Webb

Dear Sir,

RE: Submission – Mobile Termination Service Description

WorldxChange has prepared this brief response to the Commission's recent request for comment on the proposed Mobile Termination Service Description.

Responses to questions:

Question 1:

Will the service description achieve the effect of regulating the termination of 2G voice calls while excluding from regulation all 3G voice calls? If not, why not?

WorldxChange strongly disagrees with the Commission's view on the proposed service description as it is unworkable in the real world and will simply protect the mobile termination duopoly that exists at the moment.

The Commission either does not understand how fixed-line originating to mobile terminating call pricing actually works or else has chosen to completely ignore the effects on the end user of regulating 2G voice services and not 3G+ voice services.

If a Mobile Termination Determination were to set a regulated price point for 2G terminating calls and a non-regulated price point for 3G+ calls then we make the following observations.

- Mobile end users can move from a 2G handset to a 3G+ handset within a given mobile provider's network because of intra-mobile provider number portability (ie simply moving SIM cards between handsets) and no fixed line carrier would ever be in a position to know what technology that a fixed-line originating call would be terminating on.
- Said fixed-line carrier would therefore have two buy-price points for mobile termination but have no methodology to define which calls terminate on what technology until at least after the mobile carrier supplies the fixed-line carrier with his/her monthly invoice (that would also have to be modified to show the termination call type).
- If the fixed-line carrier has no idea what mobile number range(s) incur which variable cost (ie regulated versus non-regulated rate) then you can be sure that the fixed-line carrier will err on the high side when it comes to setting their respective retail mobile termination rates.
- The problem would be exacerbated once full mobile number portability arrives. Not only would the fixed-line operator be unable to determine what type of handset that a mobile call would actually terminate on, but they would not even be aware of which actual mobile network provider would be terminating the call altogether.

- These scenarios would result in the end-user paying higher rates than they should have to because the fixed-line carrier has to cover its two-tiered mobile terminating cost structure. If this situation was to occur then the Commission would clearly not be considering the impact on end-users by allowing a split regulation-based pricing model determined by the technology.

2G versus 3G+ technology can be likened to the POTS (Plain Old Telephone Service) versus ISDN (Integrated Services Digital Network) technology issue that the industry had to deal with a few years ago. POTS services were limited to voice and low speed data (ie modem/fax) whilst the newer ISDN technology would cover all POTS services as well as Digital Voice, G3 Fax, High speed data and Video Conferencing.

The voice termination capabilities of both architectures, whilst technically different, appeared identical to a fixed-line originating caller and therefore the termination rates charged by the carrier who was terminating these voice calls to both platforms was identical to prevent confusion amongst the end users.

However, if the enhanced ISDN features (such as Video Conferencing etc) were used to terminate services originating from fixed-line carriers, then a premium rate was applied based on the service utilised – not the technology.

Both Vodafone and Telecom should have the right to set non-regulated rates for the enhanced services that can be delivered via their respective 3G+ mobile networks but we maintain that simple mobile termination of voice services should be treated equally – regardless of the technology platforms.

Question 2:

Could the service description be improved? If so, how ?

We therefore believe that the Commission has no option but to define the Mobile Termination Service Description as follows:

“Termination (and its associated functions) of all voice calls on a cellular mobile telephone network”

Thank you for the opportunity to respond to the questions on the Mobile Termination Service Description and we would ask that the Commission revisit the issue from the end-user/originating carrier perspective before any final decisions are made re - Mobile Termination.

Regards,

Paul Clarkin
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WorldxChange Communications Limited