

27 May 2008

Ross Patterson
Telecommunications Commissioner
Commerce Commission
WELLINGTON

By email: ross.patterson@comcom.govt.nz

RE: Comments on proposed Schedule 3 Investigation into Mobile-to-Mobile termination

CallPlus would welcome the commencement of a schedule 3 investigation into Mobile-to-mobile termination. Artificially high mobile termination rates are causing a number of issues in the market which are not in the best long term interest of consumers:

1. The increasing prevalence of 'on-net' pricing of mobile calls which not only creates difficulties for new mobile entrants to the market but also resulting in on-net 'mobile to mobile' calling below fixed to mobile termination rates. This is driving substitution.
2. The ongoing bundling of mobile packages bundled with broadband & fixed line services, are creating offers which fixed line & broadband providers are unable to match. Integrated fixed & mobile companies, particularly those with a dominant position in mobile and a low share of fixed line, are able to extract 'monopoly profits' from their dominant mobile position and cross subsidise their fixed services.

In addition CallPlus would expect that Mobile-to-mobile termination rates would be in step with fixed-to-mobile rates as any artificial difference would drive substitution between fixed and mobile calling or the other way. We note that the fixed-to-mobile rates in the undertakings are the 'maximum rates' that will apply.

Thank you for the opportunity to comment, should you need further information please do not hesitate to contact me.

Yours sincerely



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