

16 October 2009

MTAS Investigation
Commerce Commission
The Terrace
Wellington

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Submission on the Revised MTAS Undertakings

Kordia thanks the Commission for the opportunity to comment on the revised MTAS undertakings. We consider that since the conference good progress that has been made on a number of key issues. Kordia considers that where significant progress can be made on the key issues then the undertakings track may be a quicker path to providing benefits to consumers than regulation.


The undertakings are in effect also interconnect agreements, which would be subject to commercial negotiation. Kordia has not reviewed the agreements from an interconnect standpoint and will need to review the impact of the proposed new clauses.

The MTR and the length of the glide path have been the subject of much analysis by the Commission and discussion at the MTAS conference. Kordia supports the Commission's focus on getting NZ rates quickly in line with International practice, which would necessitate a short glide path. We consider that this will deliver significant benefits to consumers.

It is Kordia's view that the NZ offers should align with the International practice of second plus second pricing and billing. Kordia sees little justification for delay in the introduction of second plus second pricing and billing given that we understand that second plus second is offered in NZ to other parties.

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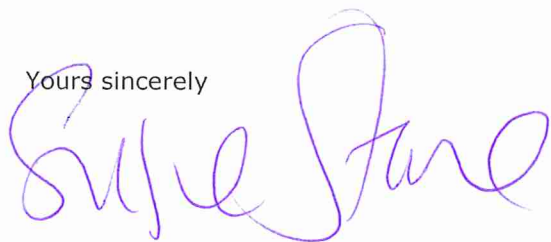


At the conference it was agreed that there was no cost justification to differentiation on rates due to International Origination or VoIP. Removal of this differentiation by Telecom is a solid step towards achieving a commercial outcome.

Kordia also notes that parties have criticised the Commission for conducting an investigation whilst the prior undertakings were still operational. Kordia supports the Commission in investigating MTAS as the current undertakings have been shown to be significantly out of step with International practice.

Kordia also notes that Telecom has suggested that a merits review regime should be introduced to the telecommunications regulatory regime. In our view this is not justified on the basis of the performance of the Commission. The Commission's assessment process is lengthy, transparent and extremely thorough and parties have the opportunity to make multiple submissions, including reports by economic and technical experts. Kordia considers that the introduction of merits review is inconsistent with measures to promote timely action to curtail anti-competitive behaviour and we are also concerned to avoid introducing regulatory gaming and any potential to increase delays in the operation of the regime. As the scope of merits review is being reduced in Australia, we do not support its introduction into New Zealand.

Yours sincerely



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