

28 May 2008

The Telecommunications Commissioner
The Commerce Commission
P O Box 2351
Wellington

Attention : Ross Patterson

Dear Sir,

RE: Submission – Mobile to Mobile Termination

WorldxChange has prepared this brief submission on Mobile to Mobile Termination in response to the Commission letters dated May 8th and May 14th 2008.

The issue of Mobile Termination rates has been discussed many times over the past few years and to date the Mobile Operators have managed to bargain themselves out of having termination rates regulated by agreeing to a price decrease of 1 cent per year which has ensured their monopoly profits on mobile calls.

Whilst your letter dated May 8th explicitly refers to Mobile to Mobile Termination, WorldxChange would insist that the terminating party's costs are the same regardless of whether the call originates in another mobile operator's network or the call originates from a fixed network either here or overseas (ie Transit call).

The same is true of the costs involved with Toll Free calls that are originated on a Mobile Operator's network and are then handed off to a fixed line operator for termination.

Pages 2 & 3 of this submission are snapshots taken today from both Telecom's and Vodafone's current websites and they illustrate the standard tolls offerings from both carriers to residential customers.

The arrows on the side identify the mobile rates that customers of both Telecom and Vodafone must pay on these standard plans.

*The average **Telecom to Telecom** mobile termination rate is **46.67** cents per minute and the average **Telecom to Other** mobile termination rate is **51** cents per minute.*

*The **Vodafone to Vodafone** mobile termination rate is **39** cents per minute and the **Vodafone to Other** mobile termination rate is **55** cents per minute.*

Telecom New Zealand standard offer

Anytime

Choose between two great Anytime plans and enjoy low calling rates and capped calling, no matter what time of day you call. See what these plans include in the comparison table below.



For a set monthly charge, our Anytime and Anytime Plus plans include your home phone rental as well as discounts on our standard rates for national, home to New Zealand Telecom mobiles and peak time international calls.

If you are not currently a Telecom customer, you can [join Telecom](#) or [switch your calling to Telecom](#) online.

	Anytime		Anytime Plus		Standard Rates	
	Per minute	Cap*	Per minute	Cap*	Per Minute	Cap*
National calls - <u>Weekdays</u>	\$0.18	\$2.50	\$0.14	\$2.00	\$0.45	-
National calls - <u>Weeknights & Weekends</u>	\$0.18	\$2.50	\$0.14	\$2.00	\$0.19	\$3.00
Home to Telecom mobiles	\$0.42	-	\$0.33	-	\$0.65	-
Home to other NZ mobiles	\$0.49	-	\$0.39	-	\$0.65	-
<input type="text" value="Choose country"/>						

* Capped rate on each call, for up to two hours



To check out the Anytime monthly charges in your area, please enter your phone number:

Things you should know

You must be a [Telecom home phone and calling customer](#) to benefit from our Anytime plans. You can [join Telecom](#) or [switch your calling to Telecom](#) online.

- Direct dial national calls from your home phone are charged minute plus minute. A one minute minimum charge applies per call
- Direct dial international calls from your home phone are charged for the first minute then per second. A one minute minimum charge applies per call
- Some [exclusions](#) apply to our Anytime calling rates. Please also read [important information](#)

Vodafone Standard offer



Home phone plus	Home phone plus bundles	Features	BestMates	Coverage	Faults
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Enjoy the freedom of home phone plus which gives you unlimited local & national calls to NZ landlines over the Vodafone network.

When you sign up to home phone plus you get an at home box for \$99*, saving you \$100. Your at home box contains a SIM card, which gives you access to the Vodafone network. You just plug your home phone directly into the at home box and you're ready to go.

You get the option to select a new phone number or keep your existing number, and also the option to add popular features like Voicemail, Call Divert and Call Waiting. You also get Vodafone's low international calling rates

You can save even more when you combine home phone plus with 3G broadband

How much does it cost?

- *\$40 per month for unlimited local and national calling
- *\$99 for the Vodafone at home box. If you cancel the service within 12 months, we'll need to charge you an extra \$99 to cover the actual retail cost of the at Home box.
- If you move to a new address you must check if you need to change your home phone number, as you may be in a different local calling area. If you do need to change your home phone number there is a \$40 charge.

Additional calling costs

- Calls to Vodafone mobiles within NZ cost 39c per minute
- Calls to other mobiles cost 55c per minute
- Calls to non-Vodafone short codes are at 20c per minute and are capped \$2.50 up to two hours.

Check out our low per minute rates to international landlines

Who will really love Home Phone Plus?

Home phone plus is great if you want to call friends and family all around New Zealand, whenever you like and for as long as you like, all for one low price.

Buy online now from the Vodafone Online Shop

Visit any Vodafone store

...or call **0800 189 189**.

*Vodafone connection terms and conditions apply



Both of these carriers obviously have their own mobile networks and we assume that they charge themselves a token "on-net" termination rate for using their own respective mobile network components.

But when you analyse the retail pricing of those industry players who do NOT have their own mobile networks (ie have to currently pay 16 cents per minute for mobile termination), it is very clear that this group of carriers is leading the market by passing through mobile termination price reductions to end users.

For example, the following retails prices were taken from the web sites of these respective companies today as well:

*The current offering from **Compass Communications** is **39** cents per minute*

*The current offering from **Callplus** via the PSTN is **39** cents per minute and via VoIP is **30** cents per minute*

*The current offering from **WorldxChange** via the PSTN is **35** cents per minute and via VoIP is **30** cents per minute*

These rates are significantly below those charged by the current duopoly of mobile operators and WorldxChange finds it unacceptable that mobile termination has not yet been regulated as there is clear evidence that the true cost of mobile termination is far below the current termination rate and also that reduced termination charges will be passed onto end-users

We would therefore fully support the Commission in commencing a Schedule 3 investigation into regulating Mobile to Mobile termination and SMS charges as long as Fixed to Mobile and Tollfree Origination from Mobile charges were also included in the investigation.

Paul Clarkin
Director, Operations & Carrier
WorldxChange Communications Limited