



27th May 2010

Commerce Commission
44-52, the Terrace
WELLINGTON

By email: rebekah.henderson@comcom.govt.nz

Submission on Resale services schedule 3

CallPlus thanks the Commission for the opportunity to make this brief submission on Telecoms letter outlining its position on the resale regulation. We appreciate the opportunity to comment early but note that the detail provided is light and that we have not had any detailed conversations with Telecom on this issue.

Our comments, consistent with our letter to the Commission on 15th May 2009, focus on the homeline & business line products and their associated services. These services remain critical to CallPlus and it should be noted that during the last 12 months we have increased our consumption of these resale services and they form a growing part of our business. Even though we are embarking on an LLU rollout the resale services will be the underlying service in the majority of instances.

We are therefore wary of Telecoms proposal to narrow the scope of services that have a 'regulatory backstop' and would urge caution. In our view it is still 'early days' in establishing competition for business & homeliness.

We would like to make the following comments: -

1. **Services that Telecom propose to remove a 'regulatory backstop'** – Telecoms letter does not provide a comprehensive list of the services that Telecom are proposing are no longer designated services. Our assumption is that the six services mentioned were simply examples, not a comprehensive list. For example: -
 - In addition to residential & business line rental there are key services such as 2nd line, ISDN (BRA & PRA), Centrex etc. CallPlus would have serious concerns if these services were not included as they represent a significant portion of the market.
 - Furthermore each of these has key 'value add services' that need to be covered if effective competition is to occur.
2. **Bundling** – The designation of a range of services clearly, & correctly, recognized the need to be able to access a wide range of 'resale value added services' in order to be able to compete effectively for customers lines. The practice of bundling services is becoming more prevalent, therefore access to a wide range of value added services is important if we are to compete effectively.

It is not always possible to provide an alternative service and migration of customers to alternative services is a difficult issue with significant barriers (as Telecom acknowledge in situations such as moving from UBS to UBA).

3. **Commercial Terms** – At this stage we have no indication of the basis on which Telecom might make services available as a commercial offer. In the past it has not always been the case that agreement could be reached. Whilst we remain open to a commercial outcome on suitable terms it would be premature to remove a regulatory backstop until we understand the alternative being proposed.
4. **Grandfathering** – simply because a service has been grandfathered it doesn't follow that it should not have a regulatory backstop.
5. **Changing environment** – Given the uncertainty around the future developments for NGN / UFB (& Telecoms own plans for the PSTN given recent variation request) CallPlus sees all the more reason to retain a regulatory backstop on these critical services.

In conclusion at a time when we are increasing our use of these services and based on the insufficient information to date, CallPlus would not support a narrowing of the scope for these services. However we remain open to a proposal from Telecom around commercial terms on some of the less critical services and we may reconsider this position.

Yours faithfully,



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