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Dr Ross Patterson
Telecommunications Commissioner
Commerce Commission
PO Box 2351
WELLINGTON

Dear Ross

MTAS – Amendment to Final Revised Undertaking

As you will be aware, Telecom and Vodafone have submitted Final Revised Undertakings in relation to the MTAS investigation. These Undertakings are currently aligned on all material issues, with the exception of the commencement date for MTR reductions beyond those set out in the existing MTR deeds with Government. Telecom's reductions would start on 1 April 2010 (in line with Commission guidance), whereas Vodafone's would start on 1 October 2010.

As you know, the importance of aligned terms as between Undertakings offered by Vodafone and Telecom has been widely canvassed and generally accepted by all parties to the MTAS discussions. Unfortunately, the consequence of the misalignment of start dates would be to drive asymmetry into the market, if the Commission were to accept both sets of Undertakings as they stand.

As Vodafone has publicly confirmed that it does not intend bringing forward the start date of its MTR reductions to match our Undertakings, we have no choice but to push back the start date of our MTR reductions to match Vodafone's. We shall send through amended Final Revised Undertakings that reflect this change.

We are hopeful that this amendment, which results in two fully aligned sets of Undertakings, will simplify the Commission's decision as to whether to recommend regulation.

Yours sincerely

John Wesley-Smith
General Manager
Industry & Regulatory Affairs