



COMMERCE COMMISSION

Please refer to:
1084426_1

21 October 2010

To all Interested Parties to the Resale Services Investigation

Resale Services Conference – Key issues

This document outlines the key issues that will be discussed at the Resale Services Conference on Wednesday 27 October 2010, and provides guidance on the types of questions that may be asked. The Commission would like parties to ensure that they have people with relevant expertise and knowledge at the conference to discuss the issues outlined in this letter, as well as the issues indicated in the agenda. This is a non-exclusive list and additional matters may be raised at the conference.

A. Resale Service Descriptions

In its Draft Report the Commission's preliminary view was to recommend that:

- (a) the Single Service Resale service description be replaced with a narrower service description, 'non-price capped local access and calling'. It was the Commission's intention that this service description capture business local access and calling, and (by application of the definition of 'fixed telecommunications network' set out in clause 1 of Schedule 1 of the Act) services such as business line rental, smartphone services, ISDN Services, Centrex, permanent tollbar services, CustomerLink, DDI Faxability and Fax Advantage;
- (b) no changes be made to the designated access service of 'residential local access and calling service offered by means of Telecom's fixed telecommunications network'; and,
- (c) the designated access services 'bundled of retail services offered by means of Telecom's fixed telecommunications network' and 'retail services offered by means of Telecom's fixed telecommunications network as part of a bundle of retail services' be omitted from Part 2 of Schedule 1 of the Act.

The Commission included a table (Table 2 in the Draft Report) which illustrated the proposed service descriptions and a (non-exhaustive) list of the type of services that

would fall within this description. Submissions suggested that it was not entirely clear which services it was proposed be deregulated and that it was not possible to identify with certainty the exact products that would fall within the product families stated. The Commission would like to ensure that all parties understand the practical impact of the proposed regulatory changes, and discuss any areas that parties are concerned about.

In addition, the Commission would like to discuss Telecom's proposal regarding the new 'non-price capped local access and calling' service description.

B. Migration Plans

A number of submissions on the Draft Report raised concerns about migration from resale services should the regulatory backstop for some services be removed. This is with regards to migration plans already agreed to (for example as a result of grandfathering obligations in the Operational Separation Undertakings), as well as for those services that may not have migration plans, and access seekers believe that without a regulatory backstop, the commercial provision of these services might stop (for example resold broadband).

A key concern for access seekers appears to be a lack of control over migration arrangements and so the Commission is keen to understand what the migration requirements of access seekers are in terms of process, timetable and legal enforceability.

C. Bundled Resale

Submitters have expressed concern about the removal of bundled retail services (and parts of bundled retail services) from Schedule 1 of the Act, suggesting that it would be difficult for access seekers to match the prices of Telecom retail offerings unless access to resold bundles is available. Telecom has provided information about the five bundles that Telecom Wholesale sells, and only one of these falls within the scope of regulation.

The Commission is keen to ensure a common understanding of what is currently covered by the bundled resale service descriptions in the Act and therefore what the practical impact of removal of the service descriptions would mean for access seekers.

D. Impact of UFB

Some submitters suggest that uncertainty over how Telecom will continue to be regulated in the near future should be viewed as an obstacle to making a decision about resale regulation.

A number of parties have suggested that the Commission delay the conclusion of its Investigation until there is greater clarity over what is happening with regards to the Ultra Fast Broadband (UFB) Initiative. The Commission invites further discussion on this issue at the Conference.

Should you have any queries, please contact Rebekah Henderson on rebekah.henderson@comcom.govt.nz or (04) 924 3711.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Tom Forster', with a long horizontal stroke extending to the right.

Tom Forster
Manager Telecommunications Operations
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