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13 October 2010

Rebekah Henderson  
Commerce Commission  
WELLINGTON  
By email: Rebekah.Henderson@comcom.govt.nz

Dear Rebekah,

**Re: Cross Submission- Draft Report on whether the Resale Services should be omitted from Schedule 1 of the Telecommunications Act 2001 (or if not omitted, amended in some form).**

This letter is Vodafone's response to the Commerce Commission's invitation to cross submit on the Draft Report (the Report) on whether the Resale Services should be omitted from Schedule 1 of the Telecommunications Act 2001 (the Act).

Firstly, Vodafone supports the narrowing of regulation where such regulation is not necessary. Where there is a clear need for regulation, it should promote competition, provide certainty to the industry and be cost and time efficient.

Vodafone notes that submissions have been received from Vector, TelstraClear, 2Degrees and Telecom. We provide some comment on the content of those submissions.

More specifically, two topics have been mentioned in all submissions except Telecom's:

- The need to keep a regulatory backstop for bundles of resale services; and
- The need to delay the decision on removing regulation on resale services in the light of the MED's review of the regulatory implications of structural separation.

Based on the large consensus reached on those matters, Vodafone invites the Commission to reconsider its decision on the omission of bundles and retail services as part of a bundle. Despite the non-discrimination requirements imposed on Telecom under the Undertakings, Vodafone remains of the view that it is preferable that Telecom have clear resale obligations in order for access seekers to provide services in a stable environment where the price and delivery of services is not left to the sole discretion of the Access Provider.

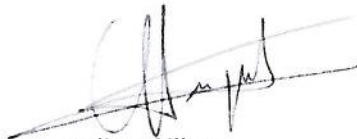
Additionally, Vector and TelstraClear have suggested in their respective submissions an alternative approach for the omission of regulation. Vodafone supports the concept of aiming

for some temporary arrangements which would address the access seekers' concerns regarding the timing of the decision without preventing the Commission from making a final decision at another time. We would like to hear further discussion on this topic at the conference.

Finally, we note that Telecom recommended changes to the Commission's proposed new regulation of "non price-capped local access and calling service offered by means of Telecom's fixed telecommunications network". In principle, Vodafone does not have any concerns with the suggested changes. In fact, Vodafone is unsure of what the initial intent of that provision was (condition b) in the Description of the service section). We would welcome further discussion with the Commission on that matter.

Please feel free to contact me in relation to this cross submission if any clarification would be helpful.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Celine Gilbert', written over a horizontal line.

Celine Gilbert  
Industry Affairs Manager  
Vodafone New Zealand Limited