



**GOVERNMENT & INDUSTRY RELATIONS
Telecom New Zealand**

Level 2, North Tower, Telecom House
68-86 Jervois Quay, PO Box 570, Wellington
Tel: (04) 498 5573
Fax: (04) 473 9190
Email: bruce.parkes@telecom.co.nz

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Douglas Webb
Telecommunications Commissioner
Commerce Commission
PO Box 2351
WELLINGTON

Dear Douglas

Consultation on Unbundled Bitstream Service

I write to confirm that Telecom is substantially concerned at the process around the progression of this application.

Given the highly unusual process which has evolved (e.g. technical workshops after a conference) and the substantial changes from the draft determination that are evolving, Telecom suggested that the most appropriate way forward was for the Commission to reissue another draft determination. This would have enabled all interested parties an opportunity to submit and cross submit on all the points in the draft determination within the usual controlled process.

Instead, the process is continuing to be ad hoc leaving parties guessing as to what is now on the table and raising continuing procedural issues and errors.

Of the utmost concern is the Commission's statement that it does not intend to consult further on UBS pricing.

In our 9 September 2005 submission on the UBS technical specification, we comment that the technical specification is now for a materially different service and that previous submissions on pricing are therefore in large measure not relevant. In our view, the outcome of no further consultation on pricing is that pricing decisions on the UBS will be made without consultation and without the benefit of the parties' views. We consider that this would not only be a reviewable error, but runs a high risk of a regulatory error with significant impacts for the parties.

TelstraClear's recent request (letter dated 19 September) that the Commission disregard Telecom's submissions on why a pricing consultation is necessary simply highlights the fundamental importance of the pricing issues to all concerned.

This letter is therefore to request formally that the Commission seek input on UBS pricing in the context of the new technical specification. We do not consider that this will substantially delay the release of the final determination particularly if the Commission issues its preliminary views urgently. The importance of the issue and adequate consultation greatly outweighs the additional few weeks required to consult properly.

Yours sincerely



Bruce Parkes
General Manager
Government & Industry Relations

cc: TelstraClear, Ihug, Internet NZ