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Chris Abbott
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Dear Chris

Process for ihug and Callplus applications

The Commission requested Telecom's views on the process for each of these applications. Telecom considers that a more efficient process should be able to run than occurred with the TelstraClear bitstream application as signalled in our earlier submissions.

These are two separate applications requiring two separate determinations and sets of submissions (should matters between each of the applicants diverge at any point in time). However, it would seem appropriate that the timelines are the same and that both matters could be discussed at the same conference.

Our proposal of the process and a timeline below enables:

- a final determination to be made towards the end of June (ie: 3 ½ months from the date of the application as opposed to the 12 months that Decision 568 proceedings took); and
- ensures that a proper consultative process takes effect. We consider this is not only required but is important to ensure robust resolution of the substantive issues that this application raises.

We consider that the process should be:

	Process step	Due date
1.	Ihug and Callplus should provide <u>clarification</u> on the matters raised in Telecom's submissions dated 12 April 2006 regarding: <ul style="list-style-type: none">- the maximum speed of the service sought; and- the issues in relation to non price terms. It is at present unclear what is sought by the	19 April 2006

	<p>applicant notwithstanding the existence of Decision 568 and the application.</p> <p>Telecom has been very clear in its submission dated 12 April 2006 as to matters which are contested and matters which are not. We consider it would aid progression of the process if these matters are clarified by the applicant urgently.</p> <p>We consider that this is a reasonable request so that Telecom is able to cross submit on 1 May and avoid any delay.</p>	
2.	<u>Cross submissions</u> already requested by the Commission	1 May 2006
3.	<p><u>Draft determination</u> The Commission should issue a draft determination for consultation as is standard practice.</p> <p>It is extremely important that parties to the application have the opportunity to submit on the Commission's preliminary views before they are finalised.</p> <p>While a number of the issues are narrowed, there are still substantive issues that need to be considered. There is also new information available to the Commission. The impacts of a determination have potentially serious impacts for investment and broadband rollout in New Zealand and proper consultation is necessary on the Commission's initial views</p>	[end May]
4.	<p><u>Submissions</u> on draft determination 10 working days after draft determination.</p> <p>Submissions should occur on the draft determination. Cross submissions could be assessed once those submissions are received. Past practice indicates that cross submissions can assist in narrowing issues for a conference.</p>	End May/early June
5.	<u>Cross submissions</u> on draft determination 10 working days after draft determination	To be decided
6.	<p><u>Conference</u> on selected issues</p> <p>A conference should be held with Commissioners. It is appropriate that parties have the opportunity to respond to questions from Commissioners and to present on key issues. We suggest however that the conference may be to be limited to particular issues –our</p>	Mid June (possibly 1 day)

	<p>initial view on the minimum set of issues that need to be discussed are¹:</p> <ul style="list-style-type: none"> • The requested service specification (Telecom has confirmed agreement with a number of points in Table 7 of Decision 568 so the remaining issues are reduced as acknowledged in Mr Wigley's email of 13 April 2006) • Investment impacts • Pricing issues • Cost benefit analysis <p>Other matters may not need to be discussed at conference such as market definition and competition assessment, non price terms (subject to clarification sought above) and other sundry price terms. We would suggest an early scheduling of the conference in order to ensure that delay does not occur in getting an appropriate date.</p>	
7.	Final determination	[End June]


For the avoidance of doubt, Telecom does not consider that the existence of Decision 568 justifies the Commission removing any of the above steps. As the Commission is aware, Decision 568 was contentious. The Commission itself also acknowledged in Decision 568 that it only applied to TelstraClear.

A substantial number of matters have changed since Decision 568 occurred and these need to be carefully considered by the Commission and the parties. In addition, the parties should have the opportunity to submit on the Commission's initial views and ultimately to Commissioners who are the decision makers.

If the Commission has a different view we would be happy to consider that view and would request that we have the opportunity to comment.

We hope this is of assistance.

Yours sincerely



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¹ This suggestion of limiting the conference matters to the main contested issues is to aid expedition of the process and is not, in any way, a concession by Telecom of issues not appearing in this list.