



Media Statement

17 December 2010

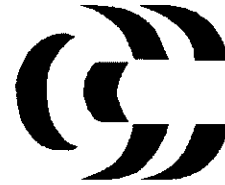
**COMMERCE COMMISSION MEDIA RELEASE – COMMERCE COMMISSION
REPORT RECOMMENDS SIGNIFICANT RESALE DEREGULATION**

The Commerce Commission has today released the attached media statement in relation to report recommends significant resale deregulation.

ENDS

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COMMERCE COMMISSION

Media Release

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Commerce Commission report recommends significant resale deregulation

The Commerce Commission has today recommended to the Minister for Communications and Information Technology that a number of services that Telecom New Zealand Limited provides to other telecommunications companies to be resold should no longer be subject to the Telecommunications Act 2001.

Retail services such as residential lines and broadband services are offered by Telecom to wholesale customers to resell at a discount to the Telecom retail price – these are known as resale services, and are currently provided commercially by Telecom’s wholesale division. Resale services are subject to the Act so that wholesale customers, in the event that they are unable to agree commercial terms with Telecom, have the ability to ask the Commission to determine the terms and conditions (including price) for supply of these services by Telecom.

The Commission’s recommendation is that resold broadband services, data services and bundled resale services (the reselling of bundles such as Telecom’s Total Home) should no longer be subject to the Act, given the current low take up of the services and the availability of alternative services.

The Commission has recommended that where there are limited alternatives, and a significant take up of resale services (such as residential and business lines, and smartphone services like Call Minder), these services should remain subject to the Act. The Commission has also recommended that the ability for wholesale customers to gain access to parts of a retail bundle offered by Telecom should be retained.

“The Commission’s recommendation is based on our view that regulatory intervention in telecommunications markets should be scaled back in areas where we consider there is effective competition, or where alternative services are available to access seekers,” said Telecommunications Commissioner Dr Ross Patterson.

“With the roll out of ultra fast broadband reshaping the telecommunications environment, the Commission’s recommendation is predicated on the existing regulated wholesale services, such as the unbundled bitstream service, being accessible as the next step on the investment ladder for telecommunications operators. It is critical that the regulated wholesale services remain a viable alternative to the resale services which are recommended to be deregulated.”

The final report can be downloaded from the Commission’s website at www.comcom.govt.nz/resale-services-investigation

Background

Resale services occur when Telecom provides its retail services on a wholesale basis to other telecommunications service providers.

Retail services are designated access services under subpart 1 of Part 2 of Schedule 1 of the Telecommunications Act 2001. The retail services which are currently resold by Telecom are:

- retail services offered by means of Telecom’s fixed telecommunications network (FTN);
- residential local access and calling services offered by means of Telecom’s FTN;
- bundle of retail services offered by means of Telecom’s FTN; and
- retail services offered by means of Telecom’s FTN as part of bundle of retail services.

On 1 October 2009, the Commission announced that it had decided to undertake an investigation into whether resale services should be omitted from Schedule 1 of the Telecommunications Act 2001 (or if not omitted, amended in some form).

The Commission issued a draft report for consultation in August 2010.

Schedule 3 of the Telecommunications Act. Under Schedule 3, the Commission can commence an investigation into whether the list of regulated telecommunications services contained in Schedule 1 of the Act should be amended by adding a new service, omitting a service, or amending the terms of an existing service. The Commission then makes a recommendation based on its investigation to the Minister for Communications and Information Technology.

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