



Vodafone New Zealand Limited
Corporate Affairs
20 Viaduct Harbour Avenue
Private Bag 92161
Auckland, New Zealand

Reception: +64-9-355 2000
Facsimile: +64-9-355 2006

Mr Reg Hammond
Manager - ICT Regulatory Team
Ministry of Economic Development
PO Box 1473
WELLINGTON

25 January 2008

Dear Mr Hammond:

Consultation on Telecom's amended Draft Separation Plan

Vodafone is pleased that progress is being made towards a final separation plan for Telecom. The sooner the process is finalised, the sooner the industry can move forward with increased certainty.

While Vodafone appreciates that Telecom has made a number of changes to its first draft separation plan, Vodafone stands by the previous submissions it has made on the operational separation process. In particular, we reiterate our views in relation to the following:

1. The timeframes that are set out for moving services to Equivalence of Inputs (EOI) standards are close to impossible for outside parties to judge. We therefore encourage further consideration of the idea that these be discussed through the Telecommunications Carriers' Forum.
2. Alternative forms of access may well become subject to regulation and, if so, they should be provided by the ANS Unit (with its more rigorous equivalence obligations) rather than the Wholesale Unit. This includes, for example, duct access, fibre unbundling, wavelength unbundling and active line access.
3. The proposed incentive arrangements and powers of the CEO and the Telecom Board are such that they will favour the interests of Telecom as a whole, rather than promoting equivalence among service providers.

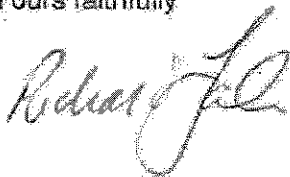
We note that both the Telecommunications Users' Association of New Zealand (TUANZ) and Internet New Zealand (InternetNZ) still have significant concerns in relation to the original and amended draft plan and undertaking.

Given that these organisations appear to be expressing grave concerns at a time in the process when minor details should be the outstanding issues, we encourage the Minister of Communications (the Minister) to give very serious consideration to the concerns raised, before taking any decision on whether to approve or reject the amended plan and undertaking.

Finally, we note with interest the Minister's recent open letter to the industry in relation to stimulating investments in advanced broadband infrastructure. While the Minister's process is still in its infancy in this regard, we consider it may be prudent to retain some flexibility in the final operational separation arrangements to ensure that they can be adapted, if necessary, to best suit whatever final outcomes might result from this process.

Should you have any further queries in relation to this matter, please feel free to contact me on 021 882 429.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Richard York', written in a cursive style.

Richard York
Regulatory Manager
Vodafone New Zealand Limited