

5 February 2015

Tom Thursby  
Lead Counsel – Competition and Regulatory  
Vodafone New Zealand Limited  
PO Box 1271  
Wellington 6011

Dear Tom,

**RE: Your letter regarding the process and issues update paper**

1. Thank you for your letter of 23 January 2015, which expresses concern about the “extremely limited information as to how the Commission has examined and weighed s 18 matters” and requests further detail before the due date for submissions (which is 20 February 2015).
2. We appreciate your ongoing interest in the process and for raising your concern with us. However, we do not intend to publish any further views before the submission due date.
3. We published the update paper to respond to requests for an indication of our view regarding backdating and decided to share our emerging views which take into account earlier submissions on the issue. As indicated in the update paper, we consider the FPP price is a more accurate implementation of forward-looking cost-based pricing.
4. It is of the nature of releasing an emerging view that more detailed reasoning will be provided later in the process. We intend to publish draft reasons regarding backdating in our further draft determination, scheduled for May 2015. As noted in our update paper, we intend to undertake further work to forecast the impact of potential backdating. Parties will have an opportunity to respond to those draft reasons.
5. We also intend that at the conference we will discuss backdating, based on the submissions we receive, including issues submitters may raise in their submissions that we have not discussed in our update paper.
6. We also draw your attention to the following views we expressed in the update paper, which relate to our assessment of what gives effect to the promotion of competition for the long-term benefit of end-users, in terms of the section 18 purpose statement:

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- 6.1 At paragraphs 22 and 28 in particular, we explain that our decisions affect investment incentives, and that harming investment incentives does not promote competition.
  - 6.2 At paragraphs 29 and 30 we discuss relativity of the dates the UBA and UCLL FPP prices could take effect, which is a relevant consideration for considering the section 18 purpose statement.
7. We welcome submissions on those views and on any other matters you consider are relevant to promoting competition for the long-term benefit of end-users, or indeed any matters, that we should consider when making decisions regarding backdating.

Yours sincerely



Katie Bhreatnach