

In Brief: Telecom New Zealand gets more bad news

Analysts in New Zealand are seeing the green light for Vodafone's move into local phone service as a big problem for incumbent major Telecom New Zealand.

New Zealand's Commerce Commission Monday issued a draft determination allowing free local calls between Vodafone's wireless network and Telecom's fixed-line grid, a move that will allow basically free interconnection between the two systems and the ability for Kiwis to use their cells as a home telephone.

IDC New Zealand analyst Chris Loh told the Herald that the decision "will substantially accelerate the decline of Telecom's business."

Others pointed out that fixed-line service makes up about half of embattled Telecom's revenues.

Vodafone officials said the decision would only serve to increase the company's 20-percent share of the total telecom market.

The government will take comment on the draft next month.

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