

SECTION 11

DISCOUNTS

11. DISCOUNTS

This section sets out the principles applied by Telecom in determining whether or not to allow a discount, the maximum discount available to a customer, and certain information in respect of discounts of 10% or more, for prescribed services provided by the Corporation.

11.1 NATIONAL ACCOUNT SERVICES

Certain customers who meet certain criteria may qualify to receive price consideration (discounts) as part of the National Account customer service.

1. The customer makes not less than \$1 million annual billing for all products and services;
2. There is 10% minimum potential increase in billing in each calendar year (over and above increases in value equal to the percentage increase in the Consumer Price Index for that calendar year) over that of the previous year;
3. There is agreement by the customer to develop and support TCNZ's national sales and service strategy;
4. There is evidence that the customer's senior management accept the mutual benefits of the National Account Service;
5. The customer makes a firm commitment to pay accounts on time, every time;
6. The customer agrees that in the event of a disputed account, only the precise amount in dispute will be withheld;
7. There is agreement by the customer to develop any tenders for communication services with the full knowledge and participation of Telecom;
8. The customer agrees to keep Telecom fully informed of any changes to the customer's policies that might have a material effect on the National Account Service as it relates to the customer;
9. There is a single point of contact for the reporting of faults to be nominated by the customer;
10. There is agreement by the customer to provide a coordinated and centralised decision making process for telecommunication purchases.

Such arrangements are the subject of formal agreements between Telecom and the customers concerned.

National Account customers, as is the case with other Telecom customers, are provided with maintenance services at an appropriate level for their particular network service.

The rebate which may be provided under a National Account agreement in no case exceeds 10% of the whole of the value of the services provided by Telecom to that customer. Rebates are provided 12 months or more in arrears.

The customer if qualifying for the National Account Service would enter into an agreement as follows:

In consideration of being provided with National Account Service and of the benefit such status brings to the customer, the customer agrees with Telecom that it will:

1. Agree to accept National Account Status and work closely with Telecom;
2. Keep Telecom fully informed of any changes to the customer's policies that might have a material effect on the customer's National Account Status;
3. Permit Telecom reasonable access to appropriate personnel and information to facilitate Telecom meeting its obligations to the customer;
4. Commit to holding regular meetings of its senior management with Telecom to ensure effective operation and implementation of the National Account Service;
5. Develop any tenders for telecommunication services with the full knowledge and participation of Telecom;
6. Pay all accounts received from Telecom on time, every time. In the event of a disputed account, the customer shall only withhold payment of the precise amount in dispute;
7. Designate a point of contact for the reporting of faults to Telecom;
8. Provide, as far as is practicable, a coordinated and centralised decision making process for the purchase of Telecom's telecommunication services;
9. Afford to Telecom the status of preferred supplier for all the customer's requirements of telecommunication products and services. In the event Telecom is not in a position to supply such products and services on a timely basis and at a price and quality acceptable to the customer, the customer shall be free to seek alternative sources of supply without putting at risk the customer's National Account status;
10. Use all reasonable endeavours in each calendar year to increase its purchases of Telecom's telecommunication services by a minimum of 10% in value (over and above increases in value equal to the percentage increase in the Consumer Price Index for that calendar year) over that of the previous calendar year provided that this shall not require the customer to purchase Telecom's telecommunication services where Telecom is not in a position to supply such products or services on a timely basis and at a price and quality acceptable to the customer.

The price consideration in respect of entering into an agreement for the provision by Telecom of National Account Service will be a price consideration of less than 10 % on the whole of the services provided by Telecom to that customer.

11.2 INTERNATIONAL SERVICES

Price reductions of 5% and 10% apply to customers establishing digital services for fixed terms of three and five years respectively. In such cases: