

3. DISCOUNTS

3.1 Commercial Terms

- 3.1.1** In the course of commercial negotiations with a network operator, Telecom has agreed that the price for local telephone calls as at August 1990 would apply to that network operator for a period of two years from March 1991. Hence the local call charging rate for that network operator is 3 cents (excluding GST) per minute Monday to Friday (8.00 am - 10.00 pm) and 0.5 cents per minute (excluding GST) every day (10.00 pm - 8.00 am) Saturday, Sunday and national holidays.

This agreement arises out of a price stability agreement with that network operator. The overall financial effect of this agreement will vary according to traffic volumes generated by the network operator and the time of day of such traffic.

- 3.1.2** In the course of commercial negotiations with a network operator, Telecom has agreed to a rebate for international calls, in recognition of the reduction in Telecom's exposure to bad debt as a result of the network operator being a customer of all ROCS [and the origination of calls by the service operator (if applicable)]. The maximum aggregate discount of these provisions in respect of international calls is less than 10%.

- 3.1.3** In the course of commercial negotiations with a service operator, Telecom has agreed to a rebate on the charges payable for Telecom Group services according to the following principles:

Total annual expenditure by the Service operator on Telecom Group services (excluding GST):

\$5M and less	Nil rebate
Between \$5M and \$10M inclusive	2.5%
Between \$10M and \$15M inclusive	5%
More than \$15M	6%

When determining the total expenditure for the purposes of the rebate, the following principles apply:

- Any amounts not paid promptly are disregarded;
- Penalty interest payments for late payment by the Service Operator are disregarded;
- Sums subject to dispute between the parties and later refunded to the Service Operator are disregarded;
- Sums paid further to another rebate provision are disregarded

