

# BusinessDay

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## TelstraClear to resell Vodafone network

TOM PULLAR-STRECKER

TELSTRACLEAR has signed an agreement to resell Vodafone's 3G network, two years after a similar deal was scrapped amid acrimony between the two companies.

The new arrangement will let TelstraClear craft its own mobile plans, set its own pricing and – it hopes – sell the iPhone.

Vodafone terminated an agreement under which TelstraClear had resold Vodafone's mobile network in June 2007.

Relations took a dive after TelstraClear publicly blamed Vodafone for the end of Unplugged, a mobile network it had built in Tauranga into which it had invested \$50 million.

TelstraClear began reselling Telecom's CDMA service two months later, but a decision by Telecom not to give TelstraClear the right to resell its new XT mobile network till 2011 pushed the

**'TelstraClear will have total control over our plans, handset range and customer base.'**

TelstraClear chief executive Allan Freeth

telco back into the Vodafone fold.

Telecom had been unable to provide "complete and timely access" to its XT network, TelstraClear said, though business head Brenda Stonestreet would not rule out TelstraClear reselling the XT network in future.

Telecom wholesale spokesman Steve Pettigrew said he was disappointed. Telecom had offered TelstraClear a path toward selling its XT network, but the two firms were not able to agree on a date.

TelstraClear chief executive Allan Freeth said the three-year deal with Vodafone would allow it to compete aggressively in the mobile broadband market. "TelstraClear

will have total control over our plans, handset range and customer base, and international roaming is assured."

It aimed to be in the market by Christmas. It hoped to be able to offer the iPhone direct to customers.

Ms Stonestreet said TelstraClear would target businesses first, then consumers, with what Dr Freeth said would be "simple, easy to understand plans".

TelstraClear had no plans to offer a pre-pay service, but would be able to serve business' complete needs, Ms Stonestreet said. It could offer mobile applications developed by parent Telstra in Australia for

mobile payments, sales ordering and navigation.

Vodafone said it was pleased to welcome TelstraClear back.

Accounts filed by TelstraClear indicated it was still seeking to collect money that it believed it was owed by Vodafone under the terms of their 2007 resale deal a year after the arrangement was terminated.

But TelstraClear said both firms were "mature operators" and had moved on.

TelstraClear would continue to sell and support CDMA phones under its existing deal with Telecom for the "foreseeable future". It is believed to have signed up about 30,000 customers under that arrangement.

The CDMA network may be turned off by 2012, but Telecom and technology partner Alcatel agreed in February to explore the possibility of upgrading it. The upgrade to LTE standard would require customers to buy new handsets.



**Catching on:** Guided Walks New Zealand owner Peter Hitchman says it looks as though the company's snowshoe tours could become more popular than its regular guided walks.

### INSIDE BusinessDay NZ InfoTech

#### IT deficit

Pressure facing Wellington's technology sector continues to grow with the Justice Ministry seeking to renegotiate a \$55m information technology services contract with Telecom's Gen-i. Prime Minister John Key says there is a public sector "IT deficit" and the Government is investing in IT to deliver efficiencies. **C5**

#### Tracking passengers

Greater Wellington regional council has selected British company Acis and Kordia as its preferred suppliers of a "real-time passenger information system" for the capital. The system could be used to check on the services provided by Infratil subsidiary NZ Bus and other public transport operators. **C5**

#### WEEKLY DIARY

**MONDAY:** Quotable Value NZ, May house price index.

**TUESDAY:** NZIER, quarterly survey of business opinion, 10am.

**THURSDAY:** Electronic card transactions, June.

**FRIDAY:** Accommodation survey, May; Sealegs Corp annual meeting.

#### INSIDE

##### Fees hit hard

Financial advisers' hefty fees compounded massive investor losses in finance companies, says columnist Terry Hall. **C2**

##### Upgrade plan

Silver Fern Farms needs \$128 million to modernise and foot it in the European market. **C3**

#### MARKETS C4

## Airport 'too small' for two duty-free outlets

ROELAND van den BERGH

WELLINGTON International Airport is too small to justify competing duty-free retailers despite evidence of substantial price reductions for shoppers, a Commerce Commission investigation shows.

The decision is the final chapter in a long-running fight between the airport and Duty Free Stores Wellington after a competing operator was allowed to set up shop in 2006.

DFSW, owned by the Archibald family, held the sole duty-free concession at the airport for 19 years. But in 2006 Wellington Airport awarded an eight-year lease to Swiss-owned Nuance Group, which trades as Regency Duty Free.

The two operated alongside each other during a "transition" period till DFSW's contract expired at the end of June. Nuance then became the sole duty-free retailer with a lease running till 2014.

DFSW claimed the airport's decision to revert to a single duty-free operator this month would reduce competition and that the airport was abusing its market power.

Sales figures provided to the commission by DFSW showed that prices fell by 10 per cent between early 2005 and the end of 2007.

But the commission was not convinced that the price reductions were sustainable longer term.

Space constraints meant that during the transition phase, the stores of neither operator met the



**On board:** Garry Stock is chairman of JR Duty Free, which has bought the duty-free concession at Wellington Airport. Photo: ANDREW GORRIE

size and standard required to attract suppliers of some high-quality products, the commission says.

Auckland International Airport was forced to continue with two operators last year when the commission rejected an application for Nuance Group to merge with competitor Hong Kong's DFS Galleria.

But the commission found that Wellington Airport's dual concession was always planned to be temporary. "An airport the size of Wellington International Airport having two duty free operators would be highly unusual," the commission says in its findings.

About 600,000 international passengers passed through the airport in the year to March. Wellington Airport earned \$36.5 million from all its retail and trading activities which includes a cut of all sales, accounting for 38 per cent of its revenue. DFSW also operates at

Hamilton, Queenstown and Dunedin international airports.

In another twist, Australian retailer JR Duty Free has bought Nuance's New Zealand businesses including the duty-free concession at Wellington Airport.

JR Duty Free chairman Garry Stock said Nuance offered to sell its Wellington concession and its online retail channel when it was outbid by JR Duty Free for the competing provider to DFS Galleria at Auckland Airport.

Duty free was being affected by the global decline in passenger numbers, but the spend per passenger was stable.

Cheaper air fares had changed the mix of passengers and led to different buying habits.

JR Duty Free has the duty free concession at Darwin Airport and city outlets in Melbourne, Adelaide, Brisbane and Perth.

## Snowshoeing venture for non-skiers looks set to fly

NICK CHURCHOUSE

AN OFFHAND suggestion led Peter and Karyn Hitchman into a tourism proposition promising to take non-skiers into the mountains for the first time.

The Queenstown-based walking guides have started New Zealand's only commercial snowshoeing operation, and Mr Hitchman is adamant it will become more popular than their winter trail walking tours.

The idea came from a friend who had tried it in the United States, where it has become the fastest-growing sport in North America.

The alpine environment has long been the domain of winter sports lovers, skiers, boarders, climbers and snowman makers, but has always been forbidding to those without the skills or equipment to make something of the slippery slopes.

Guided Walks New Zealand is one of the oldest operators in the area, with a history stretching back to guiding gold miners across the Routeburn track in 1868 after learning the trails from local Maori.

The Hitchmans bought the business from friends two years ago and have spent nearly \$50,000



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reinventing the brand, to capitalise on that history and on their own experience in outdoor guiding.

The main asset of the company is the largest Department of Conservation concession in the area, giving them superior access to the national park network throughout the local mountains and into Fiordland.

An investment of more than \$10,000 to outfit the company with 14 pairs of snowshoes, including several bear paw-shaped kids' snowshoes, has opened up countless opportunities in the winter months by making snow-covered terrain accessible to walkers.

"We already had the equipment for the hiking. We just had to add the snowshoes," Mr Hitchman said.

With an established reputation for quality guiding that has seen

Guided Walks NZ host Bill Gates and family, the new activity has earned the company kudos for adding fresh activities to the already 200-plus options in the tourism capital of the south.

The investment adds to the business potential, making winter a viable commercial season, and giving tourists who could only look at the snowcapped peaks, a chance to experience them up close.

This is the first full-scale season of snowshoeing and the bookings are already coming fast, with cell phone reception on the Remarkables a boon for taking reservations mid-slope.

"It looks like snowshoeing will become more popular than the [regular] walking."

Pitching prices to compete with other offerings – at \$170 a full day snowshoeing with lunch and transport compares to one bungy jump – Mr Hitchman restricts tours to a strict "one guide to six walkers" ratio to keep the experience personal.

Wary of pretenders in the competitive winter resort town, he has secured all the snowshoeing domain names he could think of but is confident their extensive access to the wilderness and growing reputation will see the investment paid back in a few years.

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