



Two Degrees Mobile Limited Submission: Commerce Commission Draft Review of the Mobile Termination Access Service (MTAS), 3 July 2020

Introduction

2degrees supports the Commerce Commission's draft review findings that there are not reasonable grounds to commence an investigation into whether to remove the Mobile Termination Access Service (MTAS) from the list of designated services in Schedule 1 of the Telecommunications Act.

As we indicated in our response to the Commerce Commission's Mobile Market Study ¹, 2degrees does not consider mobile interconnection/termination services to be a priority issue for the Commission at this time.

MTAS designation provides a regulatory backstop

Mobile termination has been an important access service in the past, and 2degrees supports maintaining MTAS as a designated service under the Telecommunications Act. This:

- Provides a regulatory backstop;
- Acts as a check on operators with market power; and
- Supports certainty and stability at a time of significant industry change (both regulatory and commercial changes).

2degrees do appreciate that there are increasingly alternatives to MTAS, particularly for SMS services with the increasing usage of over the top (OTT) services:

- While 2degrees does not have visibility of OTT traffic across its network, there is anecdotal evidence of significant increases in the use of apps such as Whatsapp, Facebook Messenger etc instead of SMS, as identified by the Commission.
- This is much less the case in relation to OTT voice services at present, and we do not consider that OTT services - or voice data services generally - are yet a substitute for mobile voice services.
- However, over time - as the world continues to move towards OTT applications and data - we also expect this to change, and MTAS regulation overall to be less relevant and increasingly 'yesterday's problem'.

¹ 2degrees Submission, 'Competition at a Turning Point', Submission in response to the Commerce Commission's Mobile Market Study, October 2018.



The Commission may wish to review MTAS deregulation, particularly MTAS SMS deregulation, in a shorter time frame

Importantly, under this five-yearly review on whether to omit the MTAS service from the Telecommunications Act, the Commission is considering 'overall' MTAS, i.e. both voice and SMS MTAS together.

The Commission notes it has the option to look at MTAS for SMS separately, via an amendment of the service description, should they choose to within the next five-year period, however that this is out of scope of the current review.

This means that if it considers it appropriate, the Commission could indicate it may review aspects of MTAS deregulation within the five-year review period, given expected OTT / market developments.

In particular, given the observations on MTAS for SMS, an outcome of this 'overall' review could be that the Commission indicates it may review the deregulation of SMS MTAS in a shorter timeframe (via an amendment to the service description).

In our view, the existing regulation of MTAS for SMS is not incurring consumer/competition harm and this is not a current priority for the Commission. We note there are apps such as Facebook Messenger and Whatsapp readily available and used, as well as the prevalence of MNO 'unlimited' text plans. This means that we do not consider the benefits of removal of this regulation warrant the cost and resources of such removal at this time.