

30th June 2020



The Commerce Commission
Wellington

Dear Sir/Madam

Draft 111 Contact Code Submission

Connecta is a division of Compass Communications Limited, and we provide broadband internet and voice services to customers in the rural Auckland, Rotorua, Taupo and Canterbury regions. We have been providing these services since 2004. Many of our customers have no cellphone coverage so their phone is very important to them. We provide VOIP telephone services to most customers where the phone is not operational during a power outage at the premises and they are all notified of this.

To summarise our response, should the draft code become law then we would have no choice but to cease to provide any telephone services to all of our customers or increase the monthly charge for voice services from \$10 per month to around \$30, most likely depriving hundreds of rural customers of a telephone service. This is because the cost of providing, installing and maintaining a battery-backed up device that would power their equipment for 12 hours far exceeds the profit that we receive for that phone service over many years. Our estimates of the cost of providing this service for 200 vulnerable customers over three years after which the UPS will need to be replaced is around \$500 per customer totalling \$100,000 or \$33,000 per year. At \$3 per month gross profit per customer totalling \$7,200 per year we are not going to take a loss of \$25,800 to provide this service. Our charges for VOIP services are similar to those from other providers.

We strongly suggest that the Commerce Commission does a cost/benefit analysis on the effects of this code as we can see that the costs will have to be passed on to the rural consumer who should not be further disadvantaged by increased costs or the unavailability of voice services because providers are not willing to risk losing money by providing them.

Yours faithfully

Peter Mancer

General Manager