

# Cross-submission on the mobile market study – preliminary findings

19 July 2019



## CROSS-SUBMISSION

- 1 This cross-submission addresses the submissions on the Commerce Commission's (**Commission**) mobile market study – preliminary findings paper (**Findings Paper**), dated 16 May 2019.
- 2 Chorus is primarily interested in ensuring the continued development of a healthy retail market for broadband telecommunications services, supported by our open access wholesale networks. A vibrant market mitigates the risk of embedding MNOs' market share as providers of fixed-line broadband services, creating structural advantages over other Retail Service Providers (**RSPs**).

### Mobile Virtual Network Operators (MVNOs)

- 3 As stated in our submission, we are not convinced the recent rise in MVNO presence is clear evidence workable competition exists at the wholesale access level. We also think there's an ongoing discrepancy in transparency and activity between wholesale activities in the fixed and mobile markets.
- 4 These concerns appear to be shared among other submitters. We think the following points raised in submissions are of particular interest:
  - 4.1 InternetNZ's query regarding how much more failure the Commission would need to see in the MVNO market in order to consider intervening given that market share has been <1% for 10 years.
  - 4.2 Vocus managed to gain as many customers in their energy business in two years as they have in the mobile sector in a decade.
  - 4.3 BAINZ considers the MVNO environments are not allowed to emerge due to conflicts of interests that exist with the MNOs existing residential and business interests. On-boarding process and requirements need to be clarified.
  - 4.4 SKY questions why the opportunities for MVNOs have not risen already and what makes New Zealand different to the rest of the world.
  - 4.5 Vocus and NOVA suggest a backstop regulation should be explored.
  - 4.6 TUANZ consider that consumer choice and innovation continues to be an issue.
- 5 We encourage the Commission to continue to explore these issues and consider whether the status quo is desirable in light of future 5G deployment.

### eSIMs and number portability

- 6 We would reiterate that the Commission should satisfy itself that MNOs are supporting eSIM use so that consumers can continue to migrate and that there are no barriers to the uptake of new services or offers, in particular ensuring that mobile number portability systems and processes will be able to support portability for handsets with eSIMs.

## **Fibre input services**

- 7 2Degrees' submission raises a concern about the ability to access fibre input services at competitive rates and describes the Commission's regulatory oversight of these services as "critical".
- 8 Chorus' Ultra-fast Broadband Initiative fibre roll-out is currently managed under contractual arrangements with Crown Infrastructure Partners. The recent changes to the Telecommunications Act 2001 as amended transitions the fibre fixed-line access services to a utility style model, where the Commission will have extensive regulatory oversight and DFAS will be subject to price-caps where price-quality regulation applies.
- 9 It is Chorus' understanding that the DFAS service was explicitly included as a mandatory, priced capped service under the new regulatory framework in response to requests from mobile network operators. This service will be subject to all the regulatory requirements of the new regulatory framework and the Commission will have considerable oversight of the service.