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Product Disclosure – Retail Service Bundling Guidelines

Federated Farmers of New Zealand welcomes the opportunity to provide feedback to the Commerce Commission on the draft Product Disclosure – Retail Service Bundling Guidelines.

The provision of telecommunications services in rural areas is a matter of particular concern to our organisation and our farmer members. Our interest in this area is primarily focused on increasing the availability of rural telecommunications services, improving the quality of those services, and encouraging efforts that enable better use of such services to support the farm business and rural household.

Federated Farmers supports the Commission's proposals to improve transparency in the bundling of services or offerings by retail service providers. The draft guidelines, to us, appear neither onerous nor unreasonable.

You may be aware that we run a survey of rural consumers every year to understand their experience of internet connectivity, mobile coverage, and landline voice services on their rural properties. We have provided data for this year's survey as well as both data and reports for surveys we have run in previous years surveys to the Commission's market performance team for their work on the rural connectivity study.

We are becoming aware of situations where landline services are being bundled with broadband services in arrangements that require the purchase of both in order to get or retain a landline service. This is generally a problem for those in areas where retaining a landline is important, but they would prefer a better broadband connection from a different provider.

Landline retention on rural properties continues to be quite high at 53%. This appears to largely come down to a few key factors:

- Mobile coverage (0-25% coverage) continues to be quite poor for 20% of survey respondents, meaning a landline service is often the only means for that property to contact the outside world.
- Mobile service quality (call dropouts, failed text messages) continues to be an issue for 72% of survey respondents, meaning a landline service is often the only reliable means of making or receiving voice calls.
- Frequent power outages appear to be a reason why 67% of those survey respondents with pretty good mobile coverage (75-100%) on their property continue to retain a landline.

Transitioning those with landlines over to a Voice over Internet Protocol (VOIP) voice calling service is an option for some, but that relies on a reliable broadband connection. Our survey results indicate that 48% of respondents have weather-affected internet connections to the property, while 46% of respondents are enduring download speeds in the 0-20mbps range (a useful indicator of relying on

older connection technology or services at or exceeding their built capacity). VOIP calling is similarly affected by power outages in much the same way as a broadband connection to the farm. That copper landlines generally have battery back-ups, even if they only work for a few hours from the onset of a power outage, is a consideration mentioned in comments from many survey respondents.

Those of our affected survey respondents would appreciate being able to source a landline service from a retail service provider without needing to also purchase a broadband service from that same provider.

We would be happy to discuss any of the matters we have raised in this submission, should you wish.

Yours sincerely

Mark Hooper

National board member and telecommunications spokesperson