

16 February 2023

To: Keston Ruxton (Manager, Fibre PQ Regulation)

Email: c/o infrastructure.regulation@comcom.govt.nz

Fibre fixed line access service deregulation review – Mercury submission

Mercury NZ Limited (Mercury) welcomes the opportunity to provide feedback to the Commerce Commission (the Commission) on its *"Fibre fixed line access service deregulation review under section 210 of the Telecommunications Act - Draft assessment framework paper"* (the paper). The purpose of the paper is to assess whether reasonable grounds exist for a conducting a fixed-line access service (FFLAS) deregulation review prior to the commencement of Chorus' Price Quality Period 2 (PQP2) in 2025 as required under s210(3) of the Telecommunications Act.

As a retail service provider of both broadband and fixed wireless services we rely heavily on Chorus' and other line fibre companies (LFCs) networks as key inputs for the services we offer our customers.

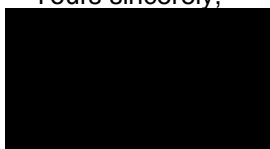
Mercury's view with regards to s210(3) is that there has been no substantial change since January 1, 2022 – i.e. the start of the current regulatory period – to suggest that competition has matured enough to the point where regulation is no longer necessary. Therefore, Mercury does not consider that there is value in the Commission investigating whether a service should no longer be regulated or no longer be subject to PQ regulation.

There are often no wholesale alternatives we can switch to if the price of FFLAS is increased, or if the quality diminishes. Until such time as there are meaningful competitive options for these key inputs it is hard to see how FFLAs services can be deregulated.

We believe the Commission's view of the definition FFLAS services, as well as its assessment framework, is appropriate and we are supportive of your interpretation.

We note that Chorus proposed during the Regulatory Period 2 consultation to relax the requirement to provide geographically consistent prices. Retaining the majority of Chorus' FFLAS subject to PQ regulation and therefore priced on a geographically consistent basis remains essential to ensure long-term benefit of telecommunication services for end-users. Unfortunately, we did not have sufficient time to prepare a submission to Chorus's RP2 consultation in December 2023. We would kindly request the Commission consider a longer time for cross-submissions on this paper to enable all stakeholders to fully engage.

Yours sincerely,



Regulatory Strategist





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