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Dear Keston.

Commerce Commission FFLAS Deregulation Review

Thank you for the opportunity to comment on the Commerce Commission's draft decision, '*Fibre fixed line access service deregulation review under section 210 of the Telecommunications Act, Reasonable grounds assessment draft decision, 27 August 2024*' (the **draft decision**).

2degrees agrees with the draft decision that no reasonable grounds exist to start a deregulation review for Voice services, Bitstream PON services, Unbundled PON services, Point-to-point services, Transport services, Co-location and interconnected services, and Connection services under section 210 of the Telecommunications Act 2001 (the **Act**).

Our views remain unchanged from our submission and cross-submission in response to the Commerce Commission's assessment framework consultation.

There is little or no competition in the provision of these wholesale fibre services. Chorus has substantial market power in the provision of FFLAS which should be addressed by price-quality regulation under Part 6 of the Act. Continued price-quality regulation best achieves the purposes in sections 162 and 166 of the Act.

We consider the Commission's draft decision is more than sufficient to confirm our views about lack of competition and need for price-quality regulation to be retained.

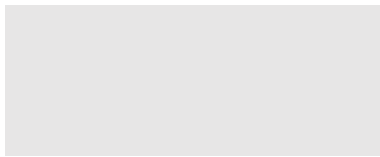
We agree with the Commission that retail (fixed) voice services should not be deregulated and with the comment that "it does not automatically follow that the benefits of deregulating Voice services would outweigh the costs. Indeed, based on our experience of developing and implementing the new regime, we are concerned that net compliance costs would likely increase. This is because it would be necessary to separate voice-related costs from the FFLAS that remained regulated, as well as develop approaches to allocation of common overhead costs between regulated and unregulated services ... ". We also note some of our customers do not purchase mobile voice services and continue to rely on fixed voice services.



The Commission's analysis for the 'reasonable grounds' decision on whether to undertake a deregulation review has been very thorough, including a draft decision of over 80 pages. We note that an issue the Commission may like to consider - including given that it will need to periodically consider whether there are reasonable grounds to start a deregulation review in the future - is what level of analysis is needed to establish reasonable grounds, versus the level of analysis to be carried out when a deregulation review is carried out (should that be assessed as warranted).

We hope you find this submission of assistance. Please let us know if you have any questions in relation to this response.

Yours sincerely,



Head of Regulatory Policy