

Cross-submission on incentives ICP draft decision

10 November 2022

C H ● R U S

Discussion

1. This is Chorus' cross-submission in response to Spark's submission 'Chorus individual capex proposal for customer incentives – draft decision', dated 1 November 2022.
2. This cross-submission is not confidential.
3. Spark's submission does not raise substantive new points. It focuses on the general appropriateness of incentive payments within the PQ path, rather than engaging with the Commission's draft decision.
4. The main points made by Spark, and our response, are in the table below.

Spark submission	Chorus response
Incentives undermine competition by targeting a specific group of consumers. Incentives are not in end-users' interests as the 85% threshold pushes RSPs to sell higher price / higher speed connections.	Chorus offers incentives to promote uptake of fibre and upgrades to higher-speed fibre products. It would make no sense to offer incentives that simply reward RSPs for what they would do anyway. Spark is effectively requesting that we don't improve the efficacy of our incentives, contrary to s162(b) of the Telecommunications Act.
Commission's economic test is flawed because it doesn't include the costs where Chorus pro-actively deployed fibre lead-ins.	The costs of deploying pre-built fibre lead-ins are appropriately excluded from the incentives economic test because they are not dependent on incentive offers. These lead-ins are not a cost that is incremental to these offers.
Incentives are not transparent to end-users, conflicting with the Retail Service Quality workstream.	Chorus is required to operate as a wholesale provider and, as such, it is to be expected that incentives would be paid to RSPs. It is up to RSPs how they communicate with end-users and how they react to incentive offers.