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TRUSTPOWER SUBMISSION: SCOPE OF THE MOBILE MARKET STUDY

1 Introduction

1.1.1 Trustpower Limited (Trustpower) welcomes the opportunity to provide a submission to the Commerce Commission (the Commission) on the scope of its Mobile market study.

1.2 Commission's intended scope

1.2.1 As was set out in the Commission's letter of 6 October 2017, we understand that the Commission expects the study to:

- a) identify consumer preferences and how they appear to be evolving;
- b) identify how mobile providers are responding to:
 - i. that evolution in consumer preferences; and
 - ii. technological shifts in how mobile services can be delivered;
- c) consider the impact of these trends on the performance and development of mobile services, including any obstacles to market development and any current or emerging competition effects; and
- d) consider, to the extent the Commission might identify any relevant issues, how its regulatory tools could be applied for the long term benefit of end-users (LTBEU).

2 Our submission

2.1.1 We support the Commission undertaking a study into the mobile market.

2.1.2 To provide input into the study, we commissioned Analysys Mason to describe some of the trends they are observing in mobile markets overseas, and compare and contrast these with New Zealand's. Analysys Mason's report is appended to this letter, and forms part of our submission.

2.1.3 Our views on the Commission's scope follow.

2.2 Regulatory settings will need to continue evolving

- 2.2.1 As Analysys Mason sets out clearly, there is a great deal of change occurring in the mobile service sector, driven by technology evolution on both the demand and supply sides. The services demanded and supplied will continue to evolve rapidly in future. Regulatory settings will need to evolve to ensure end-users' interests are being served well by the market, on an ongoing basis.
- 2.2.2 With the changes in technology, new models may emerge and/or need to be considered in order to facilitate healthy competition, enhance dynamic efficiency, and thereby maximise LTBEU.
- 2.2.3 We agree with Analysys Mason's conclusion that the scope of the study should be wide.

2.3 Key building blocks for mobile service provision should be within scope

- 2.3.1 The Commission should think broadly about the scope of its study, and include all components required to promote healthy competition at the wholesale level. This includes investigating the key components of service provision, including (for example) spectrum allocation and infrastructure sharing. Analysys Mason discusses how some of these building blocks have been considered overseas.
- 2.3.2 Given the rapid pace of change discussed above, the Commission should therefore ensure the study is not anchored too greatly on either existing policy and regulatory settings, or the mobile network operators' current models of network provision. Again, this points to the need for the study to have a wide scope.

2.4 Convergence will need to be considered

- 2.4.1 Given increasing convergence in telecommunications services, mobile is likely to be just one part of a bundle of services demanded by and provided to consumers. It is therefore necessary for the Commission to include in its scope the impacts of the mobile market on the fixed-line market.

2.5 Commercial solutions should be the Commission's preference

- 2.5.1 It will be essential that in future there is enough competitive tension and commercial discipline to foster thriving competition at the wholesale level.
- 2.5.2 In our view, ensuring a range of commercial wholesale solutions are available to retail market participants should be the Commission's preferred model, as opposed to direct regulation. Therefore, if any intervention is required, the Commission should focus on ensuring future market conditions allow competition to flourish at the wholesale level, as opposed to simply regulating wholesale access. This is likely to create the best long-term outcomes for end-users.
- 2.5.3 For any questions relating to the material in this submission, please contact me on 07 572 9888.

Regards,



JAMES TIPPING
MANAGER STRATEGY AND REGULATION