One NZ submission on draft framework for fibre deregulation reviews and draft recommendation on fibre Voice services

27 November 2025

1. We welcome the opportunity to comment on the Commerce Commission's (**the Commission**) draft framework for fibre deregulation reviews and draft recommendation report to the Minister for Media and Communications on fibre Voice services. We have set out our views on each matter below.

Draft framework for fibre deregulation reviews

2. One NZ supports the Commission's draft legal and economic framework for carrying out fibre deregulation reviews under section 210 of the Telecommunications Act 2001 (**the Act**). The framework provides a coherent structure for assessing whether deregulation would better promote the purpose of Part 6 and aligns with the high-level approach the Commission has previously set out.
3. We understand the framework is broadly consistent with the reasonable-grounds assessment framework previously published by the Commission and on which One NZ submitted last

year[1]. The Commission should refer to that prior submission for relevant points that remain applicable and should be incorporated into this next stage of consultation.

4. In addition to our earlier points, One NZ considers it essential that deregulation assessments do not view each fibre fixed line access service (FFLAS) in isolation. Fibre networks are inherently multi-product platforms. Services are delivered over shared infrastructure, costs are common and interdependent, and regulated providers optimise pricing and investment decisions across their full-service portfolios rather than at the level of a single FFLAS.
5. Because of this, a narrow, service-by-service approach risks producing misleading conclusions about the strength of competitive constraints and the potential impacts of deregulation. Market outcomes observed for a particular FFLAS may be shaped by providers' wider commercial strategies, cost-allocation considerations, and regulatory incentives, not necessarily by genuine service-level competition. Similarly, the impacts of deregulating one service will not be confined to that service alone: cost allocation, pricing flexibility, and incentives for efficient investment across remaining regulated services may all be affected.
6. For example, shared assets and common costs mean that removing one FFLAS from regulation requires detailed cost-separation processes which can introduce complexity, compliance cost, and risk of unintended distortions in how remaining regulated services are priced (this risk has been recognised in the Commission's draft recommendation on fibre Voice services, covered below). Meanwhile, portfolio-wide pricing incentives can create the appearance of constraint in one service even when competition is weak, because regulated providers may adjust pricing for strategic reasons across their broader service suites.
7. Given these interdependencies, One NZ's view is that any assessment of competitive constraint and any consideration of deregulation must consider the broader set of FFLAS

[1] One NZ submission on fibre fixed line access service deregulation review - reasonable grounds assessment draft decision, 24 September 2024, https://www.comcom.govt.nz/assets/pdf_file/0025/362626/One-NZ-submission-on-draft-decision-deregulation-review-24-September-2024.pdf

services rather than focusing on a single service in isolation. Only where competitive pressures are clearly observable across a meaningful range of FFLAS, and where the wider system effects of deregulation are well understood, should deregulation be contemplated. This approach ensures that decisions remain consistent with the purpose of Part 6 and avoid regulatory fragmentation or unintended adverse outcomes for end-users.

Draft recommendation on fibre voice services

8. One NZ supports the Commission's draft recommendation to retain regulation of fibre voice services under Part 6 of the Act.

9. In respect of this specific service, the Commission has correctly identified that the overall retail voice market now includes a wide range of substitutes, including VoIP over fibre or wireless broadband, mobile voice, Wi-Fi calling, and over-the-top applications. We agree that most consumers have viable alternatives for voice services, and that these competitive dynamics constrain traditional landline offerings.

10. However, we also agree with the Commission's observation, reflected in recent industry submissions[2], that there remains a meaningful group of end-users who prefer a wired, fixed-line voice service and who are reluctant or unable to transition to wireless or mobile alternatives. This cohort includes older consumers, consumers with accessibility needs, and households for whom the reliability characteristics of a wired service are particularly valued. For these consumers, a fibre-based voice service remains an essential and distinct product. Their needs must be weighted appropriately in any decision to alter the regulatory settings for FFLAS Voice service.

[2] Spark submission, Fibre de-regulation review: reasonable grounds assessment draft decision, 24 September 2024, https://www.comcom.govt.nz/assets/pdf_file/0026/362627/Spark-submission-on-draft-decision-deregulation-review-24-September-2024.pdf

11. Furthermore, One NZ agrees with the Commission that the costs of deregulation are a highly relevant consideration in this review. Deregulating Voice FFLAS would require regulated providers to separate voice-related costs from the broader suite of regulated FFLAS, allocate common and shared costs between regulated and deregulated services, and potentially adjust their compliance processes. As the Commission notes, such a requirement would add complexity, create additional regulatory burden and, if not performed with precision, carry a real risk of cost-shifting or over-recovery of revenues by regulated providers. This, in turn, could enable excessive profits inconsistent with section 162(d) of the Act.

12. These risks reinforce a point we outlined earlier in this submission: the fibre regulatory regime is inherently interconnected. Voice services are not provided through standalone infrastructure; they rely on shared network assets and are intertwined with the delivery and costing of other FFLAS. Deregulating a single service, particularly one that continues to matter for a distinct group of consumers, must not be approached in isolation. Without a holistic understanding of the regime-wide effects, there is a material risk of undermining price-quality regulation, complicating cost allocation, and diminishing the overall coherence of the Part 6 framework. Against this backdrop, we consider the Commission has reached the correct conclusion in its draft recommendation.

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