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Osmond Borthwick

By email only

[communicationspolicy@mbie.govt.nz](mailto:communicationspolicy@mbie.govt.nz)

### **Further consultation on regulations to be made under section 226 of the Telecommunications Act 2001**

We refer to your email of 22 July regarding a further update to the regulations to set the scope of services covered by Part 6 of the Telecommunications Act 2001.

We broadly agree with only applying information disclosure regulation to Chorus where it deploys Fibre Fixed Line Access Services (FFLAS) in geographic areas where another LFC has been awarded the UFB contracts. Applying price-quality regulation to Chorus when it is not applied to the other LFC in the same area is disproportionate.

However, it is crucial that Chorus is subject to price-quality regulation for any expansion of FFLAS into areas outside of the current UFB footprint. Chorus has noted on many occasions its intention to expand beyond the current UFB boundaries. When this occurs Chorus will have substantial market power in these areas, so must be captured by price-quality regulation. This will also allow the Capex Input Methodology to apply, which can be used to ensure that any FFLAS expansion only occurs where it is in the long term interests of New Zealanders.

We therefore ask that the regulations include a clause to remove any doubt that FFLAS expansions beyond the current UFB footprint will be captured by price-quality regulation.

Yours sincerely

Chris Abbott  
Head of Public Policy  
[Chris.Abbott@vodafone.com](mailto:Chris.Abbott@vodafone.com)