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STOCK EXCHANGE ANNOUNCEMENT

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Select Committee Report on the Telco Amendment Bill

The Economic Development Science and Innovation Committee has today released its report on the Telecommunications (New Regulatory Framework) Amendment Bill.

"We welcome the Committee's report which represents the next step toward a new regulatory framework for New Zealand's key communications infrastructure. We will review it with interest" said Kate McKenzie, Chorus Chief Executive.

The report recommends a number of detailed changes which we will be reviewing carefully including:

- The treatment of Crown financing arrangements which form part of our agreement to build the UFB network. The Bill directs the Commerce Commission to consider actual financing costs incurred when considering the value of our assets. The principal amount of the debt/equity investment would remain reflected in the value of assets in the asset base. We will be reviewing the detail of the provisions carefully to ensure they reflect the intent of our infrastructure partnership with the Crown.
- A two year extension opportunity remains for the Commission's implementation. We encourage the Commission to deliver well ahead of this timeframe and are pleased they have started work.
- An exemption power in relation to legacy business line restrictions is welcome to support changes in the market. However, this does not go far enough and could delay wholesale innovation.
- The report signals an intention to set anchor service pricing based on a price path signalled in 2014 for Chorus' commercial 100/20 Mbps fibre product. This unfairly restricts our ability to recover costs and would require us to price below Local Fibre Companies.

The Committee has endorsed key parts of the policy announcements made in June 2017, including:

- A new utility regulation framework for fibre fixed line access services from 2020.

- Deregulation of copper fixed line access services from 2020 in areas where fibre services are available to consumers, while retaining regulation in areas where fibre is not available.
- Consumer safeguards when copper services are to be withdrawn.

“The ability to innovate is vital if we are to close the digital divide and meet the work and productivity challenges of the digital age. So we’ll work with the Government during the remaining stages of the Bill’s passage to help ensure the final framework doesn’t stifle innovation and reflects our partnership with the Government” she said.

A copy of the Committee’s report can be found here

https://www.parliament.nz/resource/en-NZ/SCR_78114/27b1a2785779f4b615698ec423e89d260de14f1b

Chorus looks forward to considering the changes the Committee has proposed in more detail, and completion of legislation as soon as possible.

ENDS

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