RISK A Chorus lessens competition by charging anti-competitive prices for layer 1 services that are an input to rival competitors downstream at layer 2.

Answer questions a, b, c, and d.

(a) How useful is Information Disclosure (ID) regulation to mitigate this risk relative to other tools? Rank the regulatory tools from 1-5 with 1 being useful and 5 being least useful.					
	1	**2**	**3**	**4**	**5**
Information Disclosure (ID)	Y				
Price Quality (PQ)				Y	
Equivalence of Inputs (EOI)		Y			
Non-Discrimination Obligations (NDO)			Y		

(b) What role do you see for ID regulation in mitigating this risk?
Full disclosure of underlying costs and assumptions will allow the industry to better make informed decisions on fairness of Chorus' pricing

(c) How useful will PQ regulation in the 1st regulatory period be to mitigate this risk relative to other tools? Rank the regulatory tools from 1-5 with 1 being useful and 5 being least useful.					
	1	**2**	**3**	**4**	**5**
Information Disclosure (ID)	Y				
Price Quality (PQ)		Y			
Equivalence of Inputs (EOI)			Y		
Non-Discrimination Obligations (NDO)				Y	

(d) What role do you see for PQ regulation in mitigating this risk?
Business services are relative to each other and their consumer counterparts. Regulating potential revenue limits using PQ might be difficult if you don't already know the underlying layer-1 costs. If revenue limit is set too low and actual layer-1 costs are high Chorus might be forced to limit the total number of circuits they are able to sell to layer-2 competitors – Chorus might then be stopped from delivering on the actual level of demand. ID would need to be present first and foremost before PQ can be applied. While PQ is a valuable tool ID has a higher importance, and perhaps a pre-requisite to also applying PQ.

RISK B Local Fibre Companies (other than Chorus) lessen competition by charging anti-competitive prices for layer 1 services that are an input to rival competitors downstream at layer 2.

(same question as Risk A but for the other LFCs …. so use same answers as Risk A)

Answer questions a and b only.

(a) How useful is Information Disclosure (ID) regulation to mitigate this risk relative to other tools, where 1 is most useful and 5 is least useful.					
	1	**2**	**3**	**4**	**5**
Information Disclosure (ID)	Y				
Price Quality (PQ)				Y	
Equivalence of Inputs (EOI)		Y			
Non-Discrimination Obligations (NDO)			Y		

(b) What role do you see for ID regulation in mitigating this risk?
Full disclosure of underlying layer-1 costs and assumptions will allow the industry to better make informed decisions on fairness of the LFC' layer 1 pricing especially when compared to the LFC' own layer-2 service prices.

RISK C Chorus lessens competition through non-price terms (including quality) for layer 1 services that are an input to rival competitors downstream at layer 2.

Answer questions a and d only.

(a) How useful is Information Disclosure (ID) regulation to mitigate this risk relative to other tools, where 1 is most useful and 5 is least useful.					
	1	**2**	**3**	**4**	**5**
Information Disclosure (ID)			Y		
Price Quality (PQ)		Y			
Equivalence of Inputs (EOI)	Y				
Non-Discrimination Obligations (NDO)				Y	

(d) What role do you see for PQ regulation in mitigating this risk?
As long as the inputs are equivalent, PQ helps to level the playing field. PQ regulation would only assist if the equivalent inputs were poorly defined.

RISK D Chorus lessens competition through insufficient investment in layer 1 services that are an input to rival competitors downstream at layer 2.

Answer questions a and d only.

(a) How useful is Information Disclosure (ID) regulation to mitigate this risk relative to other tools, where 1 is most useful and 5 is least useful.					
	1	**2**	**3**	**4**	**5**
Information Disclosure (ID)			Y		
Price Quality (PQ)				Y	
Equivalence of Inputs (EOI)		Y			
Non-Discrimination Obligations (NDO)	Y				

(d) What role do you see for PQ regulation in mitigating this risk?
Price and quality do not become relevant until the infrastructure is available. NDO could be used as a tool to identify which areas Chorus is not investing in relative to other coverage areas.

RISK E Local Fibre Companies (other than Chorus) lessen competition through non-price terms (including quality) for layer 1 services that are an input to rival competitors downstream at layer 2.

Answer questions a and b only.

(a) How useful is Information Disclosure (ID) regulation to mitigate this risk relative to other tools, where 1 is most useful and 5 is least useful.

	1	**2**	**3**	**4**	**5**
Information Disclosure (ID)			Y		
Price Quality (PQ)		Y			
Equivalence of Inputs (EOI)	Y				
Non-Discrimination Obligations (NDO)				Y	

(b) What role do you see for ID regulation in mitigating this risk?
Full disclosure of underlying service components will allow the industry to better make informed decisions on the value of the layer-1 service in terms of useability and performance against their requirements. Cost and price are irrelevant if the underlying layer-1 service is not useable in its current form as an input to enable downstream competitor to build competitive equivalent layer-2 services.

RISK F Local Fibre Companies (other than Chorus) lessen competition through insufficient investment in layer 1 services that are an input to rival competitors downstream at layer 2.

Answer questions a and b only.

(a) How useful is Information Disclosure (ID) regulation to mitigate this risk relative to other tools, where 1 is most useful and 5 is least useful.

	1	**2**	**3**	**4**	**5**
Information Disclosure (ID)			Y		
Price Quality (PQ)				Y	
Equivalence of Inputs (EOI)		Y			
Non-Discrimination Obligations (NDO)	Y				

(b) What role do you see for ID regulation in mitigating this risk?
The underlying cost of the layer-1 services is irrelevant if the service doesn't exist or is only available on a limited basis. Price and quality regulation is not so important either if the service is not available where required. The most important aspect is to identify the 'where' and 'why' a LFC provider is not providing the layer-1 service in the same manner as it might be doing in other areas. As long as the inputs are equivalent and available to everybody, market forces should force the LFCs to invest or risk rival layer 1 competitors.

RISK G Chorus lessens competition by charging anti-competitive prices for specific layer 2 services where it faces competition.

Answer questions a and d only.

(a) How useful is Information Disclosure (ID) regulation to mitigate this risk relative to other tools, where 1 is most useful and 5 is least useful.					
	1	**2**	**3**	**4**	**5**
Information Disclosure (ID)	Y				
Price Quality (PQ)		Y			
Equivalence of Inputs (EOI)				Y	
Non-Discrimination Obligations (NDO)			Y		

(d) What role do you see for PQ regulation in mitigating this risk?
Setting revenue limits or quality measures on layer-2 services using PQ regulation on Chorus is of no benefit to layer-2 RSP competitors if they are unable to even compete on price. Identifying the underlying Chorus cost(s) must be the first priority as this will quickly identify if Chorus is using predatory pricing. Chorus should not be able to use market power gain from government UFB subsidies to distort the market, or to develop service offerings competing with retail markets.

RISK H Local Fibre Companies (other than Chorus) lessen competition by charging anti-competitive prices for specific layer 2 services where it faces competition.

Answer questions a and b only.

(a) How useful is Information Disclosure (ID) regulation to mitigate this risk relative to other tools, where 1 is most useful and 5 is least useful.

	1	**2**	**3**	**4**	**5**
Information Disclosure (ID)	Y				
Price Quality (PQ)		Y			
Equivalence of Inputs (EOI)				Y	
Non-Discrimination Obligations (NDO)			Y		

(b) What role do you see for ID regulation in mitigating this risk?

Using ID regulation will quickly identify the underlying cost(s) and ascertain if the anti-competitive layer-2 pricing is predatory in nature i.e. negative of negligible margin.

Infrastructure providers should be free to invest and price to be competitive, except where they gain an advantage due to subsidies or monopolistic advantage.

RISK I Chorus lessens competition by charging anti-competitive prices at layer 2 in areas only subject to ID regulation, enabled by inappropriate allocation of costs between ID and PQ areas.

Answer questions a and d only.

(a) How useful is Information Disclosure (ID) regulation to mitigate this risk relative to other tools, where 1 is most useful and 5 is least useful.

	1	2	3	4	5
Information Disclosure (ID)			Y		
Price Quality (PQ)	Y				
Equivalence of Inputs (EOI)		Y			
Non-Discrimination Obligations (NDO)				Y	

(d) What role do you see for PQ regulation in mitigating this risk?

If the quality of the Chorus layer-2 service is the same as other Chorus areas, and uses the exact same inputs, then the costs 'should' theoretically be the same, so in this instance applying price /quality regulation to set a minimum layer-2 price would be the most effective approach in this scenario.

Chorus should not be able to cross-subsidize using historic monopoly such as copper to their advantage in a competitive market.

RISK J Chorus lessens competition by charging anti-competitive prices at layer 1 in areas only subject to ID regulation, enabled by inappropriate allocation of costs between ID and PQ areas.

Answer questions a and d only.

(a) How useful is Information Disclosure (ID) regulation to mitigate this risk relative to other tools, where 1 is most useful and 5 is least useful.					
	1	**2**	**3**	**4**	**5**
Information Disclosure (ID)		Y			
Price Quality (PQ)	Y				
Equivalence of Inputs (EOI)			Y		
Non-Discrimination Obligations (NDO)				Y	

(d) What role do you see for PQ regulation in mitigating this risk?
If the quality of the Chorus layer-1 service is the same as in other Chorus areas, and uses the exact same inputs, then the costs 'should' theoretically be the same, so in this instance applying price/quality regulation to set a maximum layer-1 price would be the most effective approach in this scenario. Chorus should not be able to cross-subsidize using historic monopoly such as copper to their advantage in a competitive market.

RISK K Chorus bundles layer 2 products with layer 1 backhaul products, such as ICABs in a way that makes entry into the backhaul market uneconomic (e.g. not enough contestable volumes).

Backhaul is the link between the edge of the network (e.g. copper/fibre connecting homes) and the core network (e.g. internet gateways and content provision).

Answer questions a and d only.

(a) How useful is Information Disclosure (ID) regulation to mitigate this risk relative to other tools, where 1 is most useful and 5 is least useful.

	1	**2**	**3**	**4**	**5**
Information Disclosure (ID)		Y			
Price Quality (PQ)	Y				
Equivalence of Inputs (EOI)			Y		
Non-Discrimination Obligations (NDO)				Y	

(d) What role do you see for PQ regulation in mitigating this risk?

Chorus will have lower costs due to volume, and as these costs are know any ID regulation will not fix the problem but rather only identify the extent of the volume/economic advantage. The only real solution is to set a certain acceptable minimum price through revenue/price regulation. Use of PQ regulation will ensure Chorus backhaul services (like their Chorus Backhaul Connect service) will not disadvantage other backhaul competitors by selling at such a low price that no RSP can compete. Use of PQ regulation would set Chorus bundled backhaul pricing at a level that other RSPs service pricing could compete with.

Chorus should not be able to prevent other network operators from building equivalent backhaul services due to advantage gained by subsidy or monopoly. We should encourage viable competitive networks.

RISK L Chorus bundles layer 2 products between PQ and ID-only areas that have exclusionary effect on local fibre companies in ID-only areas (e.g. prices in PQ areas are lower if you also purchase ID-only area requirements from Chorus).

Answer questions a and d only.

(a) How useful is Information Disclosure (ID) regulation to mitigate this risk relative to other tools, where 1 is most useful and 5 is least useful.

	1	2	3	4	5
Information Disclosure (ID)		Y			
Price Quality (PQ)	Y				
Equivalence of Inputs (EOI)			Y		
Non-Discrimination Obligations (NDO)				Y	

(d) What role do you see for PQ regulation in mitigating this risk?
Chorus will have lower costs due to volume, and as these costs are know any ID regulation will not fix the problem but rather only identify the extent of the volume/economic advantage. The only real solution is to set a certain acceptable minimum price through revenue/price regulation. Use of PQ regulation will ensure Chorus backhaul services (like their TES and Chorus Backhaul Connect service) will not disadvantage other backhaul competitors by selling at such a low price that no RSP can compete. By way of example the Chorus UFB TES backhaul charge for a BS2 Gig access (ranges from $1.89/mth to $4.25/mth) cannot really be matched by any other backhaul competitor. At the very minimum a TES charge from HN to AK for BS2 Gig services would require a minimum of approximately 1000 circuits just to break even! Use of PQ regulation would set Chorus TES bundled backhaul pricing at a level that other RSPs service pricing could compete with.

RISK M Chorus lessens competition at layer 2 in PQ and ID-only areas by making anti-competitive incentive payments (also referred to as retention capex) to attract/retain end-users (price terms).

Answer questions a and d only.

(a) How useful is Information Disclosure (ID) regulation to mitigate this risk relative to other tools, where 1 is most useful and 5 is least useful.

	1	**2**	**3**	**4**	**5**
Information Disclosure (ID)			Y		
Price Quality (PQ)		Y			
Equivalence of Inputs (EOI)				Y	
Non-Discrimination Obligations (NDO)	Y				

(d) What role do you see for PQ regulation in mitigating this risk?
If an end customer is being tempted to migrate off a copper service to a fibre service in an ID area then the end customers should have the same level of financial incentive to migrate to a Chorus or the other LFC fibre service in that coverage area. PQ regulation could be used to set a maximum incentive payment value. Chorus should not be able to lessen competition using advantage gained by monopoly or subsidy.

RISK N Chorus lessens competition at layer 2 in PQ and ID-only areas by imposing anti-competitive conditions attached to the incentive payments (also referred to as retention capex) (non- price terms).

Answer questions a and d only.

(a) How useful is Information Disclosure (ID) regulation to mitigate this risk relative to other tools, where 1 is most useful and 5 is least useful.					
	1	**2**	**3**	**4**	**5**
Information Disclosure (ID)			Y		
Price Quality (PQ)		Y			
Equivalence of Inputs (EOI)				Y	
Non-Discrimination Obligations (NDO)	Y				

(d) What role do you see for PQ regulation in mitigating this risk?
Chorus should not be able to lessen competition using advantage gained by monopoly or subsidy, by setting price or conditions that limit competition.

RISK O Chorus prevents other local fibre companies from expanding their network (limits growth opportunities for LFCs within their own UFB areas and preventing entry into Chorus' PQ regulated areas) by undercharging for laying new network/connections (e.g. cross-subsidising the network expansion and recovering costs elsewhere).

Answer questions a and d only.

(a) How useful is Information Disclosure (ID) regulation to mitigate this risk relative to other tools, where 1 is most useful and 5 is least useful.

	1	2	3	4	5
Information Disclosure (ID)	Y				
Price Quality (PQ)		Y			
Equivalence of Inputs (EOI)				Y	
Non-Discrimination Obligations (NDO)			Y		

(d) What role do you see for PQ regulation in mitigating this risk?
Assuming ID is used to identify underlying Chorus instal costs, and their costs are 'similar' to the other LFC within the same coverage area then PQ could then be used to set certain minimum install charges that align with the other LFC to level the playing field. Chorus should not be able to lessen competition using advantage gained by monopoly or subsidy.

Rank your top five risks in order of most to least material in the next three years (combines likelihood of conduct occurring and the impact in terms of lessening competition) Do not the same ranking to more than one risk.

Rank the top five risks 1 being material and 5 being least material.

	Risk A	**Risk B**	**Risk C**	**Risk D**	**Risk E**	**Risk F**	**Risk G**	**Risk H**	**Risk I**	**Risk J**	**Risk K**	**Risk L**	**Risk M**	**Risk N**	**Risk O**
1												Y			
2											Y				
3															Y
4				Y											
5	Y														

Regarding section 201 of the Telecommunications Act on geographically consistent pricing impacts on telecommunications markets.

(a) Is there a role for information disclosure ID regulation (supplemented by summary and analysis) to help interested stakeholders understand these impacts? Include Yes/No answer.
    Yes.

(b) If yes, what information and forms of summary and analysis would help you to understand potential competition of geographically consistent pricing. Please specify

Answer: Provided any expansion/network build is not funded via cross-subsidy or direct subsidy available due to monopoly, then infrastructure builders should be able to compete using market forces. Information disclosure should be used to ensure transparent and open and free competition.

Are there any other key risks or opportunities to promote competition? If so, which ones? Please only include those that can be mitigated or realised with ID or PQ regulation, and rank them relative to the other risks. Please specifcy.

Answer: As a network owner and operator, we are concerned about Chorus becoming vertically integrated Telecom provider using advantage gained via monopoly and subsidies.