

Chorus cross- submission on the PQP2 draft expenditure decision

6 June 2024

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Executive Summary

1. This is Chorus' cross-submission on the Commerce Commission's (**Commission**) draft expenditure decision for PQP2 (**draft decision**). Parts of our cross-submission are confidential.
2. This cross-submission responds to selected points made in submissions by mobile network operators (**MNOs**) and investors and, in response to those points, provides more evidence in support of our expenditure proposal.
3. MNOs have repeated criticisms from the draft decision about our opex efficiency. We provide analysis to sense check the proposed operating expenditure reductions on Chorus' business and show that the extremity of the Commission's proposal would require a radical operational model change for Chorus.
4. MNOs object to Chorus' marketing spend, and incentives capex, raising concerns about the use of regulated revenue to 'compete' with broadband services provided by MNOs through fixed wireless technologies. We provide evidence on the impact competition (promoted by MNO marketing) has on customer churn and why this is driving marketing expenditure. We also note there is clear self-interest inherent in the MNO positions.
5. MNOs support the Commission's draft decision to reject changes to cost allocators for certain CTO and corporate costs. We provide evidence, based on our own internal efforts in relation to fibre and copper, in support of the change to the cost allocators.
6. MNOs have argued for a requirement to consult on discretionary capital expenditure. In particular, Spark argued we should be required to consult on proposed investment to replace end-of-life transport assets and One NZ called for Chorus to be required to consult on resilience capex projects.
7. Many of our transport routes are shared with Spark and we jointly agree and fund the replacement programme on these routes. For other routes, we fully consider the most appropriate solution to end-of-life assets and note it is not always practical or necessary to consult.
8. We also disagree that consultation should be required for all resilience projects. This would add onerous additional steps before we could make investment that has strong support from end-users.
9. This cross-submission covers the issues of most significance raised in submissions on the draft decision relating to:
 - 9.1 Opex allowance: opex efficiency, marketing expenditure and IT optimisation;
 - 9.2 Cost allocation;
 - 9.3 Capex allowance: customer incentives, resilience and transport capex; and
 - 9.4 Confidentiality.

Opex allowance

Opex efficiency

10. 2degrees, One NZ and Spark all make various statements regarding the efficiency of Chorus' operating expenditure and suggest Chorus has not provided sufficient evidence in support of our proposal. We do not accept these criticisms. The Independent Verifier supported most forecast Chorus capex and opex as prudent and efficient, deferring to the Commission on one technical aspect of the opex forecast. The Verifier concluded:

...the financial and product market discipline Chorus faces has influenced our reviews ... Chorus has stronger incentives to exercise financial discipline in making investment decisions and be cost efficient than if these external factors were not present. In our view, there is evidence of this financial discipline in the overall size of Chorus' proposed PQP2 expenditure program and choices that it is making in its investment decisions, including the proposed resilience and Fibre Frontier expenditure.¹

11. L1 Capital noted in its submission that "an 18% cut to Chorus' proposed opex would require a substantial change to its operating model... A cut of this magnitude suggests a substantial change to the operations of Chorus' business with implications for end user services beyond the scope of regulated quality controls and sends a de-stabilising signal to capital markets."²
12. Similarly, Yarra noted "there are limited precedents for this level of efficiency gain anywhere in the New Zealand economy over the last three years."³
13. As referenced in paragraph 37 of our submission on the draft decision, we applied a sense check to determine the potential impact of the Commission's proposed operating expenditure (**opex**) cuts. To provide more detail on this check and build on the points raised by L1 and Yarra: the proposed 18% cut to operating expenditure would require Chorus to find cost savings of ~\$25m between approximately August 2024 and January 2025, with a further \$15m reduction required by the end of PQP2. To test the impact of such a decision, we assessed what this would require if we made the savings solely through headcount reduction. While we would not only seek savings through headcount reductions, applying that metric is a useful indicator of the impact of the draft decision. Our sense check shows that we would need to reduce headcount by:

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¹ Independent Verifier's report, p. 50, https://comcom.govt.nz/__data/assets/pdf_file/0025/334249/13.-Chorus-C2A0Report-from-the-Independent-Verifier.pdf

² L1 Capital, Submission on draft expenditure decision for PQP2, 16 May 2024, page 1.

³ Yarra, Submission on draft expenditure decision for PQP2, 16 May 2024, page 1.

⁴ Calculated based on the constant price difference between Chorus' PQP2 proposal and the draft decision for each year of PQP2 and using an average annual salary of **CCI [**

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15. However, it is clear we would need to seriously reconsider the activities we undertake and the range of products and services we provide. Services to end-users and retail service providers (**RSPs**) would be significantly impacted. – for example, as discussed in our submission, inefficient cost cutting/deferrals - that drive up longer-term supply risk and associated whole-of-life costs - and a lack of capacity for innovation and network expansion.⁵
16. Meanwhile, there would be a severe lack of resources to make improvements in asset management, cost estimation, and other areas where the Commission is seeking improvements. The effect would likely compound across PQP2 as further reductions would be required before the end of the period.
17. The direct cost of making such a radical operational model change would be significant and has not been considered in our expenditure allowances for either PQP1 or PQP2. The extremity of the proposed operating expenditure reductions, and the cost of achieving them, means it is unlikely Chorus would achieve real financial capital maintenance (**FCM**) over PQP2, if the draft decision were imposed.

Marketing expenditure

18. 2degrees and One NZ make broad claims regarding the appropriateness and veracity of Chorus' marketing expenditure.
19. Our marketing includes expenditure to manage and promote the Chorus brand, our fibre technology and fibre products. It includes internal management costs, and external marketing activities.
20. These activities advance our 'active wholesaler' strategy for fibre, which is prudent given the telecommunications market structure in New Zealand. In particular:
- 20.1 Fibre services are one of several technologies and product alternatives available to end-users. We have a strong interest in ensuring end-users in New Zealand understand the relative merits of fibre.
- 20.2 While we promote fibre services, they are on-sold to end-users by RSPs, of which 2degrees, One NZ and Spark (who have around 75% combined market share) also operate mobile networks. These large MNOs have an incentive to promote alternatives to fibre that they can offer on a vertically-integrated basis

⁵ Chorus, [Submission on the PQP2 draft expenditure decision, 16 May 2024, paragraph 33.](#)

- 20.3 The MNOs promote their own fixed wireless services over other products. We have raised multiple concerns to the Commission over a lack of transparency of broadband technologies (e.g., we have raised concerns as to online preference being given to wireless broadband products over fibre through inconsistent shopping journeys, and end consumers not being adequately informed of the different technologies available). This makes it essential for Chorus and other competitors to promote fibre and competitive services to promote consumer transparency and awareness, in what can be an otherwise unclear consumer experience.
- 20.4 Other market participants, including RSPs without their own mobile networks and the smaller local fibre companies, are too small to promote the fibre category nationally or at an effective scale.
21. We were required to invest in marketing fibre as part of our Ultra-Fast Broadband contract with (then) Crown Fibre Holdings. This remains a prudent activity given the market structure and competitive dynamics. Chorus is also a signatory to the Letter of Commitment,⁶ along with the other Local Fibre Companies, which helps ensure:
- 21.1 Consumers are given clear, accurate and up-to-date information about the technical and performance characteristics of alternative broadband services; and
- 21.2 Consumers know where to go for the prompt resolution of any issues associated with the marketing or performance of alternative broadband services.
22. We sought stakeholder feedback on our role as an active wholesaler as part of our PQP2 stakeholder engagement process and found:
- 22.1 RSPs that own mobile networks which compete with our fibre network opposed Chorus promoting fibre to end-users.
- 22.2 The only RSP submitter on this topic that did not own a mobile network agreed there were benefits in informing end-users about different technologies - and what was most suitable for them.
- 22.3 Wider stakeholders supported our planned expenditure though saw it as a lower priority area of investment than other options (e.g. resilience).
23. 2degrees raises concerns about the 'use of regulated revenue from provision of natural monopoly services' in order to 'compete' with RSPs using alternative technologies. This statement is contradictory. Chorus is not a natural monopoly – as 2degrees acknowledges, we face competition from alternative technologies and investment in marketing is standard practice for firms in workably competitive markets.
24. Currently, we face significant competitive pressure from fixed wireless and satellite services, particularly with the advent and deployment of 5G. We see an ongoing lack of transparency in the way in which fixed wireless and fibre options are presented to end-users by MNOs – in this context our own marketing is an essential part of our role as an active wholesaler in a competitive market. **CCI [**

⁶ <https://www.tcf.org.nz/wp-content/uploads/LFC-Letter-of-Commitment-to-Commerce-Commission.pdf>

] Ceasing or reducing marketing activity would have a significant impact on our business. RSPs undertake significant marketing activity promoting fixed wireless services. CCI [

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25. One NZ also claims that *"in a recent speech at the TUANZ Rural Connectivity Symposium, Chorus' General Manager, Fibre Frontier said that as copper is withdrawn across New Zealand, Chorus is contacting end users directly by mail asking if they want to sign up to fibre, and Chorus is currently sending letters directly to end users that make a number of claims regarding the comparative benefits of different technologies."*⁷
26. This statement conflates two separate points made by Chorus at the symposium. We highlighted the inevitable retirement of the copper network and the need for a long-term plan for New Zealand's rural connectivity. Separately, we noted in the context of a long-term plan that there was significant demand by those outside the current fibre footprint for further fibre extension, based on our experience publicising our new build areas. Chorus has recently announced an extension of our fibre network to an additional 10,000 premises. Ahead of build beginning in an area we write to all end-users within the area (not just those still on the copper network) informing them of the network extension that will be taking place and asking them to register their interest if they would like fibre installed once build is complete.

⁷ One NZ, Submission on draft expenditure decision for PQP2, 16 May 2024, para 8.

IT optimisation

27. We appreciate the Commission clarifying its calculation of IT optimisation benefits, as described in paragraphs 7.47 and 7.48 of the draft decision. This clarification has not changed our position as expressed in our submission on the draft decision.⁸
28. The Commission's approach to estimating a benefits ratio of 36.91% includes an incorrect assumption that the IT investment will generate additional operating expenditure equal to 10% of the initial capital expenditure. The purpose of the IT optimisation adjustment is to estimate the impact on Chorus' opex from these investments to reflect any potential cost savings. Potential cost savings are calculated by taking the gross opex saved from the investment minus any increases in opex from the investment, i.e. the net impact on opex from the investment. The current approach by the Commission uses only the *gross* opex saved from the investment not the *net* impact on opex.

Cost allocation

29. 2degrees characterises our proposed changes to cost allocators as "arbitrary",⁹ which is incorrect. Chorus' views on cost allocation were informed by advice from both internal and external subject matter experts, who carefully analysed shared cost and allocator types. Economic consultant Incenta provided an expert report, finding that revenue (as opposed to totex) is likely to be more indicative of the amount of common cost that is attributable to our fibre and copper networks respectively.¹⁰ The chart shown above in the marketing section of this submission provides further confirmation of the shrinking share of copper as a proportion of Chorus' business.
30. L1 Capital and Yarra also recognise the impact the rapid transition away from copper has on cost allocation.¹¹ L1 capital argues that "*while consistency in approach is desirable this should be weighed against consistency in outcome and avoiding anomalous impacts.*"¹²
31. It is unclear why 2degrees insists that Chorus should (i) provide a range of possible options for allocators we are proposing to change; and (ii) quantify the impacts of those options.¹³ Economic common costs should be allocated in a way which ensures cost recovery, and economic incremental costs allocated to the service they are driven by. Doing so meets the requirements of the Input Methodologies (**IMs**) and the Part 6 purpose statement.
32. Whether or not a choice of allocator increases or decreases the overall allocation towards FFLAS (or copper) has no bearing on whether the attribution methodology is better or worse. The cost allocation IMs do not require Chorus to provide a range of allocator options, or scenario modelling. 2degrees appears to object to our proposed

⁸ Chorus, Submission on the PQP2 draft expenditure decision, 16 May 2024, paragraphs 97-109.

⁹ 2degrees, Submission in response to Commerce Commission consultation, May 2024, page 5.

¹⁰ Incenta, Cost allocation issues for RP2, October 2023, section 3.2.

¹¹ L1 Capital, Submission on draft expenditure decision for PQP2, 16 May 2024, page 4 and Yarra, Submission on draft expenditure decision for PQP2, 16 May 2024, page 2.

¹² L1 Capital, Submission on draft expenditure decision for PQP2, 16 May 2024, page 4.

¹³ 2degrees, Submission in response to Commerce Commission consultation, May 2024, page 4.

allocators only because they increase the share of common costs allocated to FFLAS, not due to any principled economic position.

33. As previously noted to the Commission,¹⁴ Chorus ran a 2023 survey of its people leaders (i.e. all staff with line management responsibility) to gauge the approximate relative level of effort that staff devote between the fibre business, the copper business, and to those activities that are not directly identifiable with either of the businesses. Chorus recently repeated the survey, with the new results applicable to the first quarter of 2024.
34. We acknowledge that the survey results should be interpreted cautiously. Firstly, the survey results reflect the perceptions of people leaders about the efforts of their staff, rather than a measurement of effort. In addition, people leaders were simply asked about their perceptions of effort,¹⁵ so the results may not align with the economic concepts relevant to cost allocation (for example, there was no prior test as to whether costs in the relevant area were likely to vary with the size / output of the fibre and copper businesses). Further, the survey results relate to overall labour effort, and so do not distinguish between labour that is operating expenditure from labour that is capitalised into projects. This latter point means that some caution is required when interpreting the results of the Chief Technology Office (CTO) function in particular.
35. However, in our view, the survey results and, in particular, the trend in the results over time, are likely to provide a useful cross check of the allocation of Chorus’s costs between FFLAS and non-FFLAS activities.
36. Table A provides the overall results for the major function that Chorus has applied for cost allocation purposes. Chorus’s recent restructure has resulted in transfers of various Product Sales and Marketing (PSM) and Customer and Network Operations (CNO) functions that makes comparisons against the previous CNO and PSM functions difficult, and so these functions have been aggregated in the table below.

Table A – Effort devoted to the fibre, copper and support activities

	2024			2023		
	Per cent			Per cent		
	Fibre	Copper	Support	Fibre	Copper	Support
Corporate	42%	8%	50%	44%	10%	45%
CTO	71%	11%	18%	62%	18%	20%
PSM + CNO	77%	15%	8%	68%	16%	16%
Total	70%	13%	17%	63%	16%	22%

¹⁴ Chorus, Modelling and Cost Allocation Report, table 9.

¹⁵ The specific questions posed to staff were as follows:

Over the last quarter what percentage of time have you and your team spent on the fibre business?

Over the last quarter what percentage of time have you and your team spent on the copper business?

Over the last quarter what percentage of time have you and your team spent on support activities that are not directly related to copper or fibre?

37. The table shows that, overall, there has been an increase in the effort that is directly identifiable with the fibre services, and a (small) reduction in the overall effort that is identifiable with the copper services. At the level of each cost centre, it can be observed that:

37.1 The proportion of effort that is directly identifiable with the fibre and copper business has remained approximately constant in the corporate cost centre, but;

37.2 There has been an increase in the fibre-identifiable effort, and a reduction or constancy in effort for copper, in the other functions.

37.3 We have previously shown an indicator of relative effort devoted to the fibre and copper businesses by showing the relative proportions of the identifiable efforts on the fibre and copper businesses. This overall indicator is shown in Table B. It can be observed that fibre’s share of the identifiable effort has increased between 2023 and 2024.

Table B – Share of identifiable effort between the fibre and copper businesses

	2024		2023	
	Fibre	Copper	Fibre	Copper
Corporate	84%	16%	81%	19%
CTO	86%	14%	78%	22%
PSM + CNO	84%	16%	81%	19%
Total	84%	16%	80%	20%

38. Overall, we observe that the results of the survey do not support the Commission’s hypothesis that “*management of the withdrawal of the copper network is increasing shared costs in the corporate and CTO areas above ‘business as usual’ levels*”.¹⁶ If this hypothesis was correct, the survey results would not be showing a notable decrease in the effort identifiable with the copper business as the pace of withdrawal increases.¹⁷

Decommissioning costs

39. 2degrees has also reiterated the Commission’s concern that “*Chorus’ corporate and CTO functions continue to manage material copper totex costs as it proceeds with the withdrawal of the copper network*”. That view reflects a misunderstanding of the extent of decommissioning-related costs in the corporate and CTO cost centres.

40. For CTO, the costs of decommissioning the systems associated with the copper network will be principally labour-related and will be incurred in a separate cost area from the CTO shared systems costs (which includes systems-related costs like licence

¹⁶ Commerce Commission, Chorus’ expenditure allowances for the second regulatory period (2025-2028) Draft decision – Reasons paper, 18 April 2024, paragraph 4.67.

¹⁷ The pace of withdrawal can be shown to have increased because batch sizes for copper withdrawal (where a ‘batch’ is a group of copper links) have increased over the past year, from 3,000-4,000 last year to around 6,000 this year. This is to be expected as the process becomes more embedded and standardised. We have also recently initiated a second trial with Enable and first trials with Northpower and Tuatahi First Fibre LFCs for their UFB areas.

fees) that Incenta analysed for purposes of its report. In any event, most of these costs will not be incurred until copper is largely decommissioned,^{18 19} which will be towards the end of PQP2 and mostly beyond.²⁰ Those costs are therefore not present in the base year and there are no incremental copper decommissioning costs present in the CTO shared costs subject to allocation.

41. For our corporate cost centre, while (as Incenta notes) there is the potential for copper decommissioning to cause some additional corporate costs, those costs will be far less significant than the incremental costs associated with the UFB rollout, and less widespread across corporate functions (being largely limited to regulatory affairs and associated legal functions). Decommissioning involves: (i) a lesser need to manage expenditure, given expenditure will be lower and principally related to scrapping assets, (ii) insubstantial treasury-related costs given the low levels of expenditure, and (iii) there are limited strategic issues to be managed, requiring less resource from the corporate cost centre.

Capex allowance

Customer incentives

42. Spark, One NZ and 2degrees all supported the Commission's draft decision to approve customer incentives capex for CY25 only at this stage. These submitters support the Commission's proposed approach, which would require individual capex proposals for incentives in subsequent years, with Spark noting *"the Commission should critically review monopoly fibre provider initiatives such as connection incentives that are intended to shape competitive retail markets."*
43. As noted in our submission on the draft decision, customer incentives are an essential part of our competitive offering, and a key mechanism by which we ensure fibre is promoted to end-users.
44. The submissions by Spark, One NZ and 2degrees reflect the position of the large MNOs only, who have commercial reasons to promote their own fixed wireless networks. They do not represent the views of other smaller RSPs. Submissions on customer incentives during the PQP1 price quality path reset remain relevant.²¹ These show that RSPs do not have a uniform view of customer incentives and that our incentive payments enable smaller RSPs to compete more effectively with the MNOs.
45. For example, in 2021, Vocus (now part of 2degrees), made arguments in support of customer incentives:

The issue of Chorus incentive payments is of paramount importance to non-MNO retail service providers... Our strong views on this matter are based on two commercial realities – (a) our inability to compete in the mobile market which leads

¹⁸ Incenta, Reply to certain cost allocation issues, 16 May 2024, paragraph 60b.

¹⁹ Chorus, Submission on draft expenditure decision for PQP2, 16 May 2024, paragraph 246.

²⁰ Chorus, FY23 Investor presentation, 21 August 2023, page 27.

²¹ <https://comcom.govt.nz/regulated-industries/fibre/projects/fibre-price-quality-path-and-information-disclosure>

us to rely on fibre services and (b) the low-margin nature of fibre services and the crucial importance of the incentives to the commercial construct...

We rely on fibre incentives to promote fibre and compete effectively with MNOs. The incentives also enable innovation around promotional offers to customers that stimulates them to look at what best suits their needs rather than MNOs relying on inertia to prevent all options being considered.²²

46. In 2022, Mercury noted that:

It is important that Chorus continues to provide incentive payments. As a retail service provider (RSP), we benefit from the incentive payments provided by Chorus. These payments enable us to offer more compelling retail propositions to our customers and compete with larger RSPs, which benefits consumers.²³

47. The criticisms from MNOs in relation to incentives are inconsistent with messages received by Chorus from their commercial teams. For example, **CCI** [

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48. We accept the need to apply via individual capex proposals (**ICPs**) for some of this expenditure in PQP2, however, we continue to recommend the Commission approves customer incentives capex for the first 18 months of PQP2 to better align with business planning for customer incentives and provide more certainty to the market.

Resilience

49. Submissions from Spark, One NZ and 2degrees have all supported the use of the ICP mechanism for resilience expenditure and other discretionary capex.

50. One NZ submitted:

We continue to hold the view that Chorus should be required to engage with access seekers on specific proposed projects and programmes to establish demand/support ahead of committing spend - Chorus should run a written consultation process on resilience initiatives before they are finalised. This approach will assist in providing transparency as to whether resilience expenditure is consistent with forecast demand.²⁴

51. There are various ways in which we consult with our customers on projects and programmes (e.g. regulatory proposals, ICPs, TCF Product Forum, product roadmap etc,) - these can include work programmes related to resilience. The Commission already scrutinises our capex as part of the price path reset process which is detailed and extensive.

²² Vocus, Submission on Chorus price quality path from 1 January 2022 draft decision, 31 August 2021, page 1.

²³ Mercury, Submission on Chorus individual capex-proposal, 1 November 2022, page 1.

²⁴ One NZ, Submission on draft expenditure decision for PQP2, 16 May 2024, para 14.

52. Requiring Chorus to formally consult on each project and then seek Commission approval would be excessive, onerous, and out of step with approval requirements for other types of capital expenditure. Feedback from our end-users and stakeholders following Cyclone Gabrielle has indicated they see investment in a resilient network as "non-negotiable" and a core function of a fibre network provider,²⁵ so it is unclear why additional consultation would be required on this type of investment.
53. One NZ has not presented a compelling case for why resilience capex requires more levels of consultation and scrutiny than other capex categories or shown that the costs would outweigh the benefits of these further steps.
54. It is worth noting that other government agencies are also reviewing policy settings for resilience. Any changes to how we manage resilience, such as the suggestion by One NZ, would be subject to our overarching regulatory requirements - not just Part 6.

Transport lifecycle investment

55. Spark seeks consultation on fibre transport routes stating: *"it is impossible to know that the highest priority expenditure proposal projects are being pursued at lowest cost, with any competition implications made transparent, without Chorus consulting with stakeholders and other potential investors to judge co-investment appetite."*²⁶
56. Our fibre lifecycle investment programme currently prioritises the replacement of slotted core type fibre cable with known condition and performance issues. We share many slotted core fibre cable routes with Spark and fully consult with Spark on these lifecycle replacement projects to agree the work programme and share costs.
57. Chorus also has slotted core fibre cable routes in our regional dense wavelength division multiplexing (**DWDM**) network. Consultation often occurs to ensure we are making prudent & efficient decisions. A recent example of this is where we identified the need to replace our fibre cable around the Coromandel, where we consulted and considered several options including doing nothing, replacing this on our own, sharing the build with others, and leasing fibre from another party. This is simply 'business as usual' for Chorus. In this instance, while we explored a commercial option with Spark, we decided to partner with another party.
58. Requiring Chorus to undertake additional consultation for core fibre lifecycle replacement investment would cause material disruption to BAU activity to which open access rules apply.
59. Spark further asserts that *"there are competing providers on many fibre transport routes and RAB backed investment risks replicating or displacing competing operators' investment."*²⁷ From this we assume Spark agrees there are elements of Chorus' FFLAS that are competitive and do not need to be subject to price-quality regulation. Spark's concern appears to be that Chorus would invest inefficiently in transport routes and seek to recover any revenue shortfall from across our wider customer base. This concern is unfounded:

²⁵ PQP2 proposal, Our Fibre Assets, section 7.6.

²⁶ Spark, Submission on draft expenditure decision for PQP2, 16 May 2024, para 12.

²⁷ Spark, Submission on draft expenditure decision for PQP2, 16 May 2024, para 11.

- 59.1 The investment in question is replacement of existing assets that are reaching end-of-life and where existing end-users rely on the service, not competing with providers over new routes. Competition should be less of a consideration in such a scenario.
- 59.2 There is no evidence to suggest Chorus can cross-subsidise, given constraints imposed on pricing by competition.

Confidentiality

60. 2degrees commented on the redaction of Chorus confidential information from some of the consultation material.²⁸ The Commission has run a robust confidentiality process across the information Chorus has been required to provide, using standard categories of confidentiality it has used in telecommunications regulatory proceedings for many years. It has tested our claims for withholding information thoroughly and is striking a careful balance between ensuring stakeholders have sufficient information to allow them to engage meaningfully with the consultation and preventing disclosure of information that would prejudice Chorus' commercial and competitive position.
61. Some of the very detailed financial and forecast information we are required to provide to the Commission under the IMs would prejudice our commercial and competitive position if made public. This would be contrary to the purpose of Part 6 as it would not be consistent with the practice in a workably competitive market. Nor would the disclosure of regulated providers' competitively sensitive information to network competitors be a legitimate means of promoting competition; in fact, it would be anti-competitive.
62. As a listed company, we need to also manage continuous disclosure obligations. Our market disclosures include information about connections and our fibre services throughout each financial year, at a frequency and level of aggregation that gives investors the information they need to assess Chorus' performance without risking unwarranted use of that information by competitors.
63. Redacted information is limited to the minimum required to protect our commercially and competitively sensitive information.

²⁸ 2degrees, Submission in response to Commerce Commission consultation, May 2024, page 4.

Appendix A: Evidence of churn away from FFLAS to competitors

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