

24 February 2017

### **Domestic backhaul services study**

1. In August 2016 we started a study under section 9A of the Telecommunications Act 2001 (Act) seeking to gain an improved understanding of:<sup>1</sup>
  - 1.1 how domestic backhaul services have evolved in today's telecommunication environment and what they might look like in future; and
  - 1.2 consider what, if any, change may be required to the regulatory framework around domestic backhaul services to best promote competition for the long term benefit of end-users.
2. We received submissions in September 2016 and cross-submissions in October 2016.
3. We had planned to publish a draft report in February 2017 and a final report no later than June 2017.
4. On 10 February 2017, the Government released a consultation paper which:
  - 4.1 outlines the core policy settings and proposed approach to regulating UFB fibre; and
  - 4.2 seeks feedback on the proposed approach for the regulation of the copper network.<sup>2</sup>
5. One of The Government's proposals is to deregulate copper inside areas where fibre is becomes available, leaving Chorus free to continue operating it or close it down (subject to some consumer safeguards).
6. Thank you to everyone who has participated in our consultation process to date. Submissions were helpful is assisting us to increase our understanding of domestic backhaul services.

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<sup>1</sup> Commerce Commission "A Section 9A Backhaul Study - Preliminary questions in understanding domestic backhaul services" (12 August 2016) at [4].

<sup>2</sup> Eg, MBIE "Telecommunications Act Review: Post-2020 Regulatory Framework for Fixed Line Services" (February 2017).

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7. We have decided to suspend our study pending the finalisation of the Telecommunication Act Review, given likely interdependencies between the current regulation of backhaul and its future treatment with respect to building blocks regulation.
8. Once the Government review is finalised and we have clarity about the regulatory framework for the telecommunications as a whole, we will assess our next steps.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Simon Thomson', with a stylized, cursive script.

Simon Thomson

Manager Telecommunications