

27 April 2018

To interested parties:

Fibre services study

1. We are undertaking a study of fibre services in New Zealand under section 9A of the Telecommunications Act 2001 (**Act**).
2. The purpose of the study is to improve our understanding of the nature of fibre networks and operations in New Zealand, allowing us to prepare for the regulation of fibre networks in the future.

Context for our study

3. Currently, four fibre service providers are building fibre access networks in New Zealand as part of the ultrafast broadband (UFB) initiative. The contracts for this work will be completed in the coming years.
4. In addition, a review of the policy framework for regulating telecommunications services has been undertaken under section 157AA of the Act. As a result of that review, Parliament is considering a Bill that proposes to introduce a new regulatory framework for fibre fixed line access services by 2020. The Bill includes a proposal to implement a 'building blocks' regulatory framework similar to that used for energy networks and airports.
5. While the shape of future regulation of fibre services is still being finalised, we consider that it is important to further our understanding of current industry practices. We would expect that understanding to inform our future work in implementing a new regime for the long-term benefit of end-users, regardless of the form that regulation might take.

Outcome of the study

6. The study will help us prepare for our future regulatory work by increasing our knowledge and understanding of fibre services. This will require us to gather information from fibre service providers, and possibly other entities involved in the supply chain, such as retail service providers, that is not publicly available.
7. The information sought will be additional to that currently disclosed by providers under the information disclosure requirements of section 156AU of the Act.
8. We expect at the conclusion of the study to publish a report that will summarise our findings at a high level. These findings, such as comparisons between fibre service providers, will be based on the information that we plan to gather.

9. The duration and scope of the study is likely to depend on when the Bill is passed. We plan to gather information on one or more of the following areas:
 - 9.1 Assets and capital expenditure on fibre networks;
 - 9.2 Operational costs, including costs shared between fibre and other services;
 - 9.3 Quality dimensions of fibre services; and
 - 9.4 Products, pricing and revenues of fibre services.
10. We expect this information will further our understanding of fibre service providers' networks, fibre services, network operations and business practices. The information is likely to include data on management of fibre networks, planning for future growth and improvements, product development, and accounting systems.

Next steps

11. We will be holding a workshop on Wednesday, 2 May 2018 on various matters relating to how fibre will be regulated in the future. At that workshop, we will also provide further information on this section 9A study.
12. The workshop will be held in Wellington at the Commission's offices - Level 9, 44 The Terrace. For further details, including the process for registering interest, please email TelcoFibre@comcom.govt.nz



Dr Stephen Gale
Telecommunications Commissioner