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Fibre Deregulation Review under section 210 of the Telecommunications Act

Final recommendation to the Minister for Media and Communications on Voice Fibre Fixed Line Access Services

The Commission

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Associated documents

Publication date	Reference	Title
27 August 2024	978-1-991287-59-5	Fibre fixed line access service deregulation review under section 210 of the Telecommunications Act - Reasonable grounds assessment draft decision
19 December 2024	978-1-99-133213-4	Fibre fixed line access service deregulation review under section 210 of the Telecommunications Act - Reasonable grounds assessment final decision
30 October 2025	978-1-991414-23-6	Draft framework for fibre deregulation reviews - Under section 210 of the Telecommunications Act 2001
30 October 2025	978-1-991414-22-9	Fibre Deregulation Review – Voice Services – Draft Recommendation Paper
31 March 2026	978-1-991414-65-6	Final framework for fibre deregulation reviews – Under section 210 of the Telecommunications Act 2021

Glossary

Table of terms and abbreviations

2018 Amendment Act	The Telecommunications (New Regulatory Framework) Amendment Act 2018
The Act	Telecommunications Act 2001
ATA port	Analogue Telephone Adapter port — where the analogue converted service is delivered
Commission	The Commerce Commission
End-user	A person who is the ultimate recipient of a service or of another service whose provision is dependent on a service
FFLAS	Fibre Fixed Line Access Services
FWA	Fixed Wireless Access
GEO	Geostationary satellite — satellites positioned so that they remain over the same place on Earth at around 35,000km
ID	Information Disclosure
IM	Input Methodologies
LEO	Low Earth Orbit satellite — orbit the earth below 2,000km
LFC	Local Fibre Company (Chorus, Northpower, Enable and Tuatahi). Also referred to as ‘regulated providers’ throughout this report
Minister	The Minister for Media and Communications
ONT	Optical Network Terminal
OTT	Over-the-top application-based services that allow end-users to access internet-based communications services (such as voice and messaging) eg, WhatsApp, Facebook Messenger, Microsoft Teams
PQ	Price-quality
RSP	Retail Service Provider
SMP	Substantial Market Power
Urban	We use urban to describe Specified Fibre Areas — areas with regulated Fibre
Voice FFLAS	The regulated wholesale FFLAS in scope of this review — services to enable the delivery of telephony and low speed data services over a fibre network (including, but not limited to, voice anchor services, baseband and ATA voice)
VoIP	Voice over Internet Protocol
WISP	Wireless Internet Service Provider — smaller RSPs operating mostly in regional or rural areas, using non-cellular FWA, but increasingly also selling satellite and fibre services

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Executive summary

We must review the regulation of fibre services where there are grounds to do so

- X1 The Telecommunications (New Regulatory Framework) Amendment Act 2018 (**2018 Amendment Act**) created a new regulatory framework for regulated fibre networks in New Zealand. This included powers for the Commerce Commission (**Commission**) to regulate the price and quality of fibre services.
- X2 Before the start of each regulatory period,¹ we are required to consider whether there are reasonable grounds to start a Fibre Fixed Line Access Services (**FFLAS**) deregulation review.
- X3 The latest regulatory period started on 1 January 2025. We completed our reasonable grounds assessment of all seven regulated services on 19 December 2024.² In this assessment, we found reasonable grounds existed to consider the deregulation of four services, including Voice FFLAS.

We are recommending Voice FFLAS be deregulated

- X4 We have undertaken a review of Voice FFLAS and our final recommendation is that Voice FFLAS should no longer be regulated under Part 6 of the Telecommunications Act 2001 (**Act**).
- X5 Our draft recommendation on 30 October 2025 was that Voice FFLAS should continue to be regulated. We found sufficient competitive constraint to warrant deregulation, but we were not convinced the benefits of deregulation would outweigh the costs. We received five submissions and four cross submissions on our draft recommendation.
- X6 After considering submissions, our final recommendation is that Voice FFLAS should be deregulated.
- X7 The key reasons for this final recommendation are:
- X7.1 Our view remains unchanged that there is strong competition within the voice services market; and
- X7.2 We now consider there are reasonable, low-cost means of allocating the cost of Voice FFLAS out of the regulated asset and cost bases.

¹ The fibre regulatory period is a set duration during which Chorus faces price-quality controls. The duration is typically 3–5 years and the latest one started on 1 January 2025.

² Commerce Commission “[Fibre fixed line access service deregulation review under section 210 of the Telecommunications Act – Reasonable grounds assessment final decision](#)” (19 December 2024).

- X8 Our view is that the benefits of deregulating Voice FFLAS now likely outweigh the costs.
- X9 We consider that Chorus would not be obligated to provide a voice anchor service if Voice FFLAS were no longer subject to regulation.

Chapter 1 Introduction and background

Background to deregulation reviews

- 1.1 The 2018 Amendment Act transformed the regulation of fibre network infrastructure and the FFLAS provided over those networks.
- 1.2 Price-quality (**PQ**) and Information Disclosure (**ID**) regulation were put in place to promote outcomes consistent with those observed in competitive markets. Anchor services protections were put in place to promote affordability and accessibility.
- 1.3 PQ and ID regulation have encouraged fibre providers to continue investing ahead of demand in critical national infrastructure. Anchor services have supported the transition from copper to fibre networks in urban areas, ensuring consumers who switch can access similar services at an affordable price.
- 1.4 We are required to consider, before the start of each regulatory period, whether there are reasonable grounds to consider that those services should no longer be:³
 - 1.4.1 regulated under Part 6 of the Act; or
 - 1.4.2 subject to PQ regulation under Part 6 of the Act.
- 1.5 We may undertake such a review where we conclude that there are reasonable grounds to do so.

Purpose and structure of the report

- 1.6 This report sets out our final recommendation to the Minister that Voice FFLAS should no longer be regulated under Part 6 of the Act.
- 1.7 The report is structured as follows:
 - 1.7.1 **Chapter 1** introduces the paper and outlines our process; and
 - 1.7.2 **Chapter 2** outlines our analysis and final recommendation.

Our process to date and next steps

- 1.8 On 19 December 2024 we published our final FFLAS reasonable grounds assessment.⁴ This found that there were reasonable grounds to start deregulation reviews for the following four FFLAS:
 - 1.8.1 **Voice** and **Transport** services for all Local Fibre Companies (**LFC**); and

³ Telecommunications Act 2001, section 210(1).

⁴ Commerce Commission “[Fibre fixed line access service deregulation review under section 210 of the Telecommunications Act – Reasonable grounds assessment final decision](#)” (19 December 2024).

- 1.8.2 **Point-to-point** and **Co-location and interconnection** services in non-Chorus LFC areas.
- 1.9 On 12 June 2025, we published our process update letter, announcing the commencement of the deregulation reviews.⁵
- 1.10 On 30 October 2025, we published the Fibre Deregulation Review – Voice Services – Draft Recommendations Paper, alongside our draft Fibre Deregulation Review Framework paper.⁶
- 1.11 In response to our draft Voice FFLAS paper, we received five submissions and four cross submissions. In response to our draft Fibre Deregulation Review Framework paper, we received two submissions and one cross-submission.
- 1.12 Alongside this Voice FFLAS final recommendation paper we have also published our final Fibre Deregulation Review Framework paper. We recommend that both papers are read together to understand our overall approach.⁷
- 1.13 This report relates to our review of Voice FFLAS. Table 1.1 sets out the process we have taken for this review.

Table 1.1 Voice FFLAS deregulation review process

Milestone	Date
Draft reasonable grounds assessment	27 August 2024
Final reasonable grounds assessment	19 December 2024
Fibre deregulation process update letter	12 June 2025
Draft report published	30 October 2025
Submissions on draft report received	27 November 2025
Cross submissions received	17 December 2025
Final report published (this paper)	31 March 2026

⁵ Commerce Commission “[Fibre deregulation reviews – Process update](#)” (12 June 2025).

⁶ Commerce Commission “[Fibre Deregulation Review – Voice Services – Draft Recommendations Paper](#)” (30 October 2025); and “[Fibre Deregulation Review – Framework assessment – Draft paper](#)” (30 October 2025).

⁷ Commerce Commission “[Fibre Deregulation Review – Framework assessment – Final paper](#)” (31 March 2026).

Chapter 2 Recommendation on Voice FFLAS

Recommendation

- 2.1 Our final report recommends that Voice FFLAS should no longer be regulated under Part 6 of the Act.

Analysis

- 2.2 This section applies our deregulation framework to Voice FFLAS to explain how we have reached our recommendation. It covers:
- 2.2.1 our description of the service;
 - 2.2.2 our definition of the market and identification of alternatives;
 - 2.2.3 our assessment of the effectiveness of competition; and
 - 2.2.4 our assessment against the purpose of Part 6 and section 166(2)(b).

Overview of submissions and cross submissions

- 2.3 Our draft recommendation was that Voice FFLAS remain subject to regulation. We found that Voice FFLAS faced competition from other voice services, but we were not satisfied that the benefits of deregulation would outweigh the costs.
- 2.4 We received submissions from Chorus, Enable, One NZ, Spark and Tuatahi. We also received cross submissions from Chorus, Enable, Spark and Tuatahi.⁸
- 2.5 Submissions generally agreed that there is sufficient competitive constraint to warrant deregulation but disagreed on whether the benefits of deregulation would outweigh the costs. Views raised in submissions and our responses can be found in paragraphs 2.73–2.100.

Description of Voice FFLAS

- 2.6 Our final reasonable grounds assessment paper set out our proposed description of Voice FFLAS under section 210 of the Act. The description of the service is based on the FFLAS categories used in our December 2021 PQ path final decision.⁹ The description of Voice FFLAS is set out in Table 2.1.

⁸ Submissions and cross submissions can be found [on our website](#).

⁹ Commerce Commission “[Chorus’ price-quality path from 1 January 2022 – Final decision Reasons paper](#)” (16 December 2021), page 324.

Table 2.1 Service description

Category	Technical	Retail side/End-user
Voice FFLAS	Services to enable the delivery of telephony and low speed data services over a fibre network (including, but not limited to, anchor services, baseband and Analogue Telephone Adapter (ATA) port voice)	Provides retail service providers (RSP) with a connection to supply end-users with the ability to make and receive voice calls

- 2.7 An ATA port on an Optical Network Terminal (**ONT**) allows the connection of traditional analogue telephones, fax machines, and similar consumer devices to a digital telephone system or a voice over internet protocol (**VoIP**) telephone network.¹⁰ This means that consumers who use this service do not have to replace their traditional landline handset when using a voice over fibre network service. The regulated Voice FFLAS use this ATA port.
- 2.8 This review focuses on geographic areas where there is a regulated fibre network (where at least one of the LFCs has its fibre network). We refer to these as ‘urban’ areas. This recommendation covers Voice FFLAS provided by all four LFCs.
- 2.9 We received no feedback on the Voice FFLAS description as part of our reasonable grounds assessment or draft recommendation.

The market and identification of alternatives

- 2.10 In defining the market, we first consider the wholesale market, and any competitive constraints that any alternatives may provide to the regulated service. We then look at any indirect competitive constraints that may exist, including alternatives in the downstream retail market.

The wholesale voice market is small

- 2.11 The regulated service is the voice input that uses ATA ports. RSPs can use this to offer fibre-based retail voice telecommunications services to end-users.
- 2.12 There are no direct wholesale alternatives to Voice FFLAS.

¹⁰ The ATA port also supports dial tone, ringing generator, direct current power, caller identity data and other standard telephone line signalling to the telephone connected to a modular jack.

- 2.13 RSPs do not need to use this regulated input to provide a voice service. Instead of buying the regulated wholesale input and selling that to the consumer, RSPs can provide their own VoIP service over the fibre connection using a bitstream service as the input. VoIP services use the same equipment (router) required to provide broadband services in the end-user's home. LFCs have no visibility over whether the broadband connection is being used to provide VoIP services alongside other broadband services.¹¹
- 2.14 Alternative voice services (such as VoIP, mobile, or Over-the-top (OTT) applications) do not rely on regulated Voice FFLAS as an input.
- 2.15 We consider that Voice FFLAS compete in the market for wholesale services that can be used to offer retail voice services to end-users.

The retail voice market is where demand for Voice FFLAS is derived

- 2.16 Demand for wholesale Voice FFLAS is derived from the demand for retail voice services. We consider the retail voice market includes services which provide end-users with the ability to make and receive reliable voice calls.^{12, 13}

VoIP

- 2.17 Our view is that VoIP services, which are provided over a broadband connection to a physical handset (whether that be fibre or any other broadband access technology such as fixed wireless access (FWA)), are included in the wider retail voice market as they allow end-users to make and receive voice calls.¹⁴

Over-the-top applications

- 2.18 OTT applications such as WhatsApp and Facebook Messenger also provide ready alternatives to traditional landline services. These are primarily used on smartphones. Mobile internet over 4G/5G mobile networks and widespread smartphone adoption have driven increasing uptake in these services, with increased use of data and a shift to OTT services for voice calling and video calling. 60% of New Zealanders spend two to four hours a day using the internet, with 47% spending most of this time on social media (which includes voice and video calling).¹⁵

¹¹ A VoIP enabled handset is required to use VoIP services; these are different to the handset used with the analogue voice FFLAS.

¹² While not a specific determinant of the market, we use 'reliable' here to mean both available (ie, uptime, the percentage of time a system is up and running) and of sufficient quality.

¹³ The regulated service has particular features provided through the ATA port, including dial tone, 64kbps quality, and direct current power. However, we do not consider these features to be defining characteristics of services in this market as these are unlikely to be factors in a consumers purchase decision making.

¹⁴ We do not include voice over a GEO broadband connection for quality reasons. We explain this later in the report.

¹⁵ InternetNZ "[New Zealand's Internet Insights](#)" (March 2024), pages 9 and 10.

Mobile voice

2.19 Mobile voice services similarly provide an alternative to landline services. As of June 2024, over 99% of urban households were within mobile coverage from at least one mobile network operator.¹⁶ Our view is that mobile services are part of the wider retail voice market.

Wi-Fi calling

2.20 Wi-Fi calling – the ability to make and receive calls on a mobile phone over a Wi-Fi network instead of the cellular network – is also likely an alternative in the wider retail voice market.

Alternatives that are not close substitutes

2.21 However, there are a number of alternatives that we currently do not consider to be close substitutes (for retail voice services that are supplied using the Voice FFLAS) in urban areas. These include:

2.21.1 copper voice services (as they are being withdrawn in urban areas);

2.21.2 voice over a geostationary satellite (**GEO**) connection (as we do not view it as an alternative due to its expected poorer performance);¹⁷

2.21.3 voice over One NZs hybrid-fibre coaxial network (as it is not available for the majority of urban premises);

2.21.4 direct-to-cell services over satellite (due to limited availability in New Zealand currently);¹⁸ and

2.21.5 voice services over non-cellular FWA networks such as those provided by Wireless Internet Service Providers (**WISP**), as WISP coverage is primarily in rural areas of New Zealand.¹⁹

2.22 Accordingly, there are multiple retail alternatives to the regulated wholesale service available in areas where it is supplied. Our view is that a single geographic market, defined by the availability of FFLAS within the footprint of the regulated networks, remains most appropriate.²⁰

¹⁶ Commerce Commission “[2024 Telecommunications Monitoring Report](#)” (30 June 2025), page 25.

¹⁷ Data in our final Copper Services Investigation report indicates that the high latency of voice services over GEO would not support a quality voice service. This position is supported by recent testing done in Australia as outlined in paragraph 2.48. See analysis in Commerce Commission “[Copper Services Investigation – final report](#)” (21 August 2025), paragraphs 3.172–3.174.

¹⁸ The high coverage of mobile networks in urban areas means the benefits of direct-to-cell satellite services are limited in urban areas.

¹⁹ Where WISPs operate FWA or fibre networks in urban areas, these will be captured already in our analysis.

²⁰ Our view is that competition does not differ depending on the type of regulation present, but rather simply based on where regulated FFLAS is located versus where it is not. As we are only looking at areas where regulated FFLAS exists (ie, the footprint of regulated fibre networks), a single geographic market is appropriate. We do not believe our conclusions would differ if we were to look at competition on a more granular or narrow geographic level.

- 2.23 There was general agreement in submissions and cross submissions with our assessment that Voice FFLAS faces competition, although One NZ and Spark noted that Chorus could exercise market power for a small segment of the market.²¹
- 2.24 To the extent this may be a concern, consumers would still be able to access a voice service over a range of alternatives, including a fixed line service over fibre supplied by their RSP. While they would likely need to purchase a VoIP capable phone (which would be plugged into their router) if they do not already have one, these are accessible and affordable, meaning these services still provide a substitute for the regulated service.

Effectiveness of competitive constraints

- 2.25 As demand for Voice FFLAS is derived from the downstream retail voice market, we assess competition for retail voice services and the competitive constraint on retail voice services provided using the regulated wholesale Voice FFLAS input.²²
- 2.26 We consider that assessing competition in this market requires analysis of:
- 2.26.1 the market structure;
 - 2.26.2 whether alternatives represent close substitutes; and
 - 2.26.3 consumer demand and switching behaviour.
- 2.27 The data referenced below reflects that published in our draft report. Submissions on the draft acknowledged the presence of competition in the voice services market. We have therefore not sought to collect more recent data for the final recommendation.

The market contains a number of alternatives which are used by consumers

Alternatives are present across most urban areas

- 2.28 As the scope of this review includes urban premises (those with access to a regulated fibre network), Voice FFLAS are available to ~100% of premises. This also means VoIP over fibre (via an RSP provided VoIP service) are also available to ~100% of premises (including those currently using Voice FFLAS).

²¹ One NZ "[Submission on Voice Services Deregulation Review](#)" (27 November 2025), page 3; Spark "[Submission on Voice Services Deregulation Review](#)" (27 November 2025), page 1.

²² No retail alternatives rely on Voice FFLAS.

- 2.29 Mobile networks cover over 99% of urban premises, while VoIP over alternative broadband technologies is also highly present with FWA (99% coverage) and Low Earth Orbit satellite (**LEO**) services (all premises with sufficient line of sight to the sky) near ubiquitous.²³
- 2.30 With internet being so widely present via fixed line and wireless (including mobile) technologies, both OTT applications and Wi-Fi calling are available to nearly all urban premises (assuming ownership of a smartphone).

Fibre is the most popular connection in urban areas but the share of Voice FFLAS is low

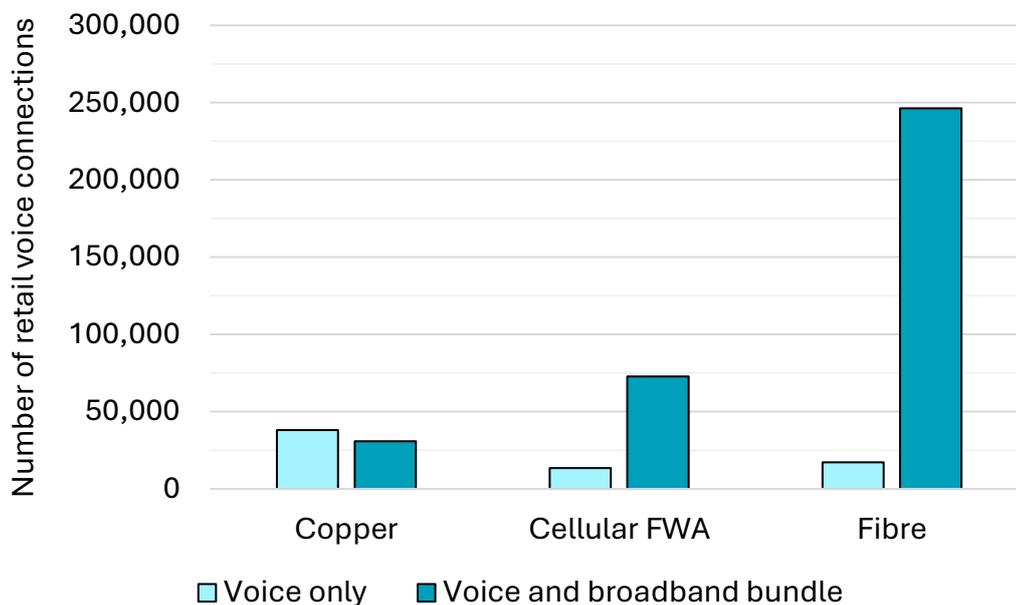
- 2.31 Our final reasonable grounds assessment paper included several figures on the number and share of urban landlines by plan type and technology.²⁴
- 2.32 It is critical to note that of the ~263,000 fibre voice services indicated in Figure 2.1, the vast majority are VoIP services sold by RSPs over a fibre connection (as discussed in paragraph 2.13). As at 30 June 2024, Voice FFLAS represented only 0.36% of LFC connections.²⁵ The remainder obtain voice services via another provider or mechanism.

²³ Commission data. Coverage does not mean availability in this sense. We use coverage to mean where a service is physically present, but capacity issues may mean a consumer cannot purchase a new service making it unavailable.

²⁴ As stated in paragraph 2.27, we have not updated this data or analysis as any underlying changes would not materially change our recommendation.

²⁵ Commission data. Median used for confidentiality reasons. In its cross submission on our draft reasonable grounds assessment paper, Tuatahi outlined only 0.28% of its connections used the regulated Voice FFLAS. Tuatahi "[Cross submission on draft decision deregulation review](#)" (15 October 2024), paragraph 3.2.

Figure 2.1 Share of retail urban fixed line voice connections by technology and plan type (June 2023)²⁶



- 2.33 By comparison, as at 30 June 2024, there were 6.8 million mobile connections across the country, with 10.6 billion mobile voice call minutes used and 5.4 billion text messages sent during the year.²⁷
- 2.34 Consumers are continuing to move away from landlines. In 2024, the number of residential landlines nationwide decreased by 14% to ~457,000.²⁸ This continues a nationwide trend of declining landline connections seen over recent years.²⁹
- 2.35 At June 2023, there were ~421,000 urban fixed line voice connections, and ~1,011,000 broadband only connections. Of the urban fixed line voice connections, 16% (~69,000) were voice-only connections, with over half of these (56%) being copper voice-only connections. The remaining 84% (~352,000) were part of voice and broadband bundles. These are shown in Figure 2.2.³⁰

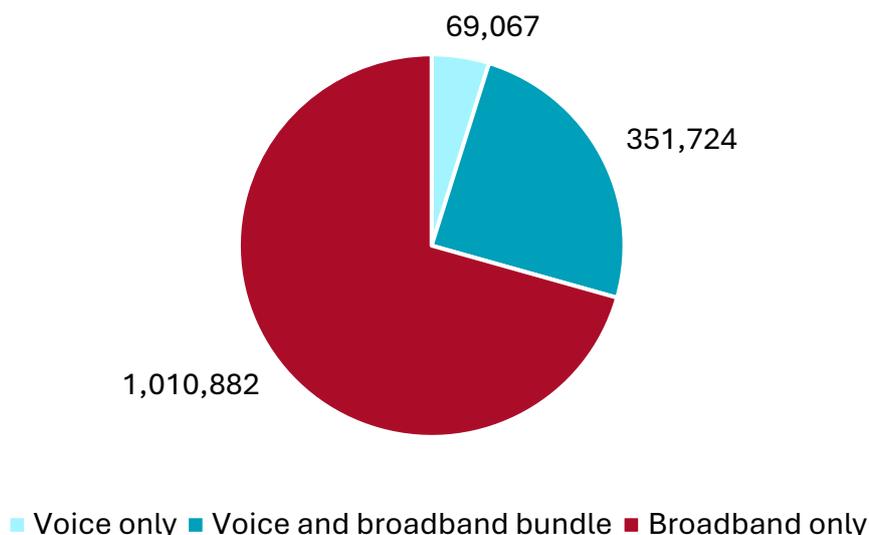
²⁶ Commission data. This plan breakdown was not collected in 2024 so June 2023 is the latest available data.

²⁷ Commerce Commission “[2024 Telecommunications Monitoring Report](#)” (30 June 2025), page 13.

²⁸ Commission data. This includes both powered voice services (for example, those using the PSTN) and non-line powered voice services (for example, VoIP).

²⁹ Commerce Commission “[2023 Telecommunications Monitoring Report](#)” (15 August 2024), page 193.

³⁰ Commission data.

Figure 2.2 Share of urban fixed line connections by plan type (June 2023)³¹

2.36 For urban fibre connections, voice-only connections represent an even smaller proportion (~7%), with the remainder (~93%) included in voice and broadband bundles.³² These and the remaining landline connections are provided across a range of technologies as shown in Figure 2.2.³³

Most alternatives represent close substitutes

2.37 We now consider whether retail voice alternatives represent close substitutes to retail services using Voice FFLAS as an input. This involves consideration of both price and non-price performance characteristics.

Price

2.38 Table 2.2 summarises retail voice service pricing over different technologies, split by voice-only or bundled with broadband, and provides the retail cost of a fibre only landline for comparison. RSPs do not advertise if a landline over fibre service uses the regulated wholesale input or not (the RSP might just provide their own VoIP service over the connection instead) so we are unable to split these services out specifically.

³¹ Commission data. This plan breakdown was not collected in 2024 or 2025 so June 2023 is the latest available data.

³² These figures exclude 126k fibre connections where we received no or unreliable data on plan type. 2023 Commission data.

³³ There are 340 connections over 'other' technologies such as GEO and non-cellular FWA. 2023 Commission data. While we do not view copper voice services as an alternative due to copper being withdrawn in urban areas, we include copper in this graph for reference.

Table 2.2 Summary of retail voice plans by technology (August 2025)³⁴

Voice technology	Monthly price	NZ Landlines c/p/min	NZ Mobiles c/p/min	Notes
Fibre (voice-only)	\$49 or \$68	\$0.18	\$0.48	Mercury (\$49) and Spark (\$68) are the only major RSPs who sell a fibre voice-only plan.
FWA (voice-only)	–	–	–	There are no FWA voice-only plans available. ³⁵
Fibre (bundled)	From \$70	Unlimited	\$0.22	Landlines are able to be added to an existing fibre broadband connection from \$10 a month.
FWA (bundled)	From \$60	\$0.24	\$0.39	Comes with 50GB monthly data.
LEO³⁶ (bundled)	From \$92	\$0.05	\$0.17	
Mobile³⁷ (bundled with SMS and data)	From \$8 – plans with unlimited minutes from \$15	Free – some plans have caps	Free – some plans have caps	Minute and data caps may apply for cheaper plans.

2.39 Consumers can choose from a broad range of mobile plans, with varying mixes of texts, minutes, data and pricing options.

2.39.1 Consumers are able to purchase a mobile plan from \$15 per month which provides unlimited minutes to New Zealand and Australian mobiles and landlines.

³⁴ Pricing data taken from the websites of RSPs (Spark, One NZ, 2degrees, Mercury, Starlink, Kiwi Voip, Slingshot, Contact, Kogan, Warehouse Mobile and Rocket Mobile) on 26 August 2025.

³⁵ Spark has a \$50 landline plan over FWA that comes with 50GB per month data if you want to connect to the internet.

³⁶ Starlink do not offer a voice service but one can be purchased from a third party to use over a Starlink LEO broadband connection. This price includes both the broadband connection and the third party voice service.

³⁷ Some mobile RSPs offer 'monthly' plans while others offer plans for four weeks. While there will be some differences over the long term, we have included all as 'monthly' for the sake of this analysis. Our view is that the difference would be minimal at most.

- 2.39.2 The average mobile plan cost is ~\$40 (median ~\$35) per month.³⁸
- 2.39.3 In the year to June 2023, consumers in urban areas with residential landlines used 56 minutes per month.³⁹ As of October 2025, there are mobile plans from \$8 which contain enough minutes to meet this demand.⁴⁰
- 2.39.4 In the year to 30 June 2024, the average mobile prepaid consumer used 61 minutes per month.⁴¹ The price to meet this usage (assuming average data and SMS use) was \$29.⁴² On alternative technologies, that usage would cost (per month) from \$59.98 on a fibre voice-only service, \$70 on fibre (bundled) and \$60 on FWA (bundled).
- 2.39.5 In the year to 30 June 2024, the average postpaid consumer used 198 minutes per month.⁴³ The price to meet this usage (assuming average data and SMS use) was \$60.⁴⁴ On alternative technologies that usage would cost (per month) from \$84.64 on a fibre voice-only service, \$70 on fibre (bundled) and \$60 on FWA (bundled).⁴⁵
- 2.40 From a pricing perspective, retail voice services offered over FFLAS are comparable with voice services offered over FWA, but cheaper than voice services over LEO. However, mobile services largely offer better value for money than all other voice services, with much cheaper minutes to a wider range of devices (eg, mobiles and landlines) and locations (eg, many mobile plans include calling to Australian landlines and mobiles).
- 2.41 This analysis suggests that the prices of retail voice services act as a constraint on the extent to which prices for Voice FFLAS could be increased by regulated parties without reducing demand. We note that there may be a residual demand for landline telephone services (whether through Voice FFLAS or VoIP) where users do not see mobile (including Wi-Fi calling and OTT applications) as a substitute.⁴⁶ For these customers, VoIP services may still be a good alternative to Voice FFLAS, albeit often at a slightly higher cost due to the inclusion of the broadband connection.

³⁸ Includes plans with limited and unlimited number of minutes to landlines and mobiles. Includes both prepaid and pay monthly plans.

³⁹ Commission data.

⁴⁰ Most plans offer a minimum of 100 minutes. This is nearly twice the average landline usage, assuming calls are only to NZ landlines and mobiles, not internationally.

⁴¹ Commerce Commission “[2024 Telecommunications Monitoring Report](#)” (30 June 2025), page 246.

⁴² Commerce Commission “[2024 Telecommunications Monitoring Report](#)” (30 June 2025), page 246.

⁴³ Commerce Commission “[2024 Telecommunications Monitoring Report](#)” (30 June 2025), page 246.

⁴⁴ Commerce Commission “[2024 Telecommunications Monitoring Report](#)” (30 June 2025), page 240.

⁴⁵ For our analysis in paragraphs 2.39.4 and 2.39.5 we took the cheapest monthly cost for a voice service on each technology, then multiplied the cheapest cents per minute rate (NZ national landline calling) by the average monthly mobile minutes used. This is indicative only and does not reflect actual expected cost. The fibre \$70 plan includes unlimited free minutes to NZ national landlines.

⁴⁶ We discuss the anchor voice service at the end of this draft report.

We have limited performance data but expect most alternatives provide a quality service

- 2.42 We do not have New Zealand data on the quality of voice services over different technologies.⁴⁷
- 2.43 However, our analysis of broadband alternatives in our final reasonable grounds paper and in the final Copper Services Investigation recommendation report dealt with quality of service issues.⁴⁸

VoIP

- 2.44 Our analysis highlights that all of the broadband technologies that support VoIP generally have high enough download and upload speeds to maintain a quality VoIP call.
- 2.45 With the exception of 4G FWA,⁴⁹ all of the technologies likely have low enough levels of latency, including at peak times, to support a quality VoIP call.
- 2.46 Similarly, jitter and packet loss analysis indicate that all of the broadband technologies that we compared should, on average, be able to support a quality VoIP call most of the time.
- 2.47 Our view remains that most alternatives should on average be able to support a quality VoIP service. The number of consumers using FWA for their voice service (Figure 2.2) indicates that quality is likely sufficient for most users.

Wi-Fi calling and OTT applications

- 2.48 Our analysis referred to recent Australian government voice quality trials over different technologies. While focused on rural and remote premises, it highlighted (on a Mean Opinion Score basis) that users were satisfied with the quality of service of voice services provided over LEO and FWA broadband connections.⁵⁰ We see no reason to believe performance in urban New Zealand areas would be worse.⁵¹
- 2.49 Our view remains that VoIP over other broadband technologies, Wi-Fi calling and OTT applications provide a competitive constraint on FFLAS voice in urban areas. They are similarly priced or cheaper and generally offer flexibility benefits not possible using a fibre voice service using a regulated Voice FFLAS input.

⁴⁷ The quality of VoIP, Wi-Fi calling and OTT application voice services is highly dependent on a number of variables, including the stability and bandwidth of the internet connection. As such, we expect the quality of these services to differ by location and the technology used.

⁴⁸ Commerce Commission “[Copper Services Investigation – final report](#)” (21 August 2025), paragraphs 3.75–3.85 and 3.171–3.185.

⁴⁹ With a peak time latency under load (down) of 297ms, 4G FWA is right on the cusp of what is seen to be the maximum latency for a quality VoIP call (150ms one way or 300ms return). As a result, 4G FWA may suffer from poorer quality VoIP calls at peak times such as in the evenings or on public holidays. Information on the trials, and the results dashboard, can be accessed at “[Trials of voice Services](#)” on Australia Department of Infrastructure website.

⁵¹ Some performance impacts, which may result in choppy, distorted audio, could occur for some users who have inappropriate home equipment (eg, old modems), or at times of peak load.

Mobile

2.50 Similarly, our view is that mobile services provide competitive constraint on Voice FFLAS.⁵² In urban areas, mobile services are widely available (with few capacity or availability constraints), there are high numbers of users, and they represent good value for money in regard to upfront and ongoing pricing.⁵³ Mobile services can also by definition be used on the move, providing benefits and functionality some other technologies cannot. However, mobile services also have downsides, such as the need to be in within service coverage and limited battery life.

Consumers are moving away from landlines

2.51 As outlined in our market structure discussion, consumers are switching away from landlines towards mobile services, continuing a trend going on for many years. The number of chargeable fixed voice call minutes has decreased 78% from 5.47 billion to 1.19 billion since 2012/13, while mobile voice call minutes have grown 121% from 4.8 billion to 10.6 billion over the same period.⁵⁴

2.52 Landline connections still exist, but disproportionately remain outside fibre areas where there may be limited or no mobile coverage, or where households prefer a back-up connection (including a VoIP service).⁵⁵ We note that deregulation of Voice FFLAS would not necessarily result in LFCs ceasing to provide the service, and that they would remain able to continue offering it as an option to RSPs to sell to end-users.

2.53 OTT applications are commonly used to make calls. A 2025 survey undertaken as part of our Consumer Satisfaction Monitoring programme found 91% of consumers had used mobile calls to communicate in the last month. This far exceed the share who used a landline (27%). Nearly double that share used a video call app (52%) or voice call app (47%), highlighting the popularity of OTT applications and the changing means of communication in New Zealand.⁵⁶

Workable competition exists in the market for retail voice services

2.54 Landline use continues to fall. The majority of consumers use voice services that do not depend on the regulated wholesale input, including VoIP over fibre and other broadband technologies, and mobile. These alternatives are readily present in urban areas where regulated Voice FFLAS are present.

⁵² Competitive constraints exist at both the wholesale and retail levels because RSPs can substitute between supplying mobile, VoIP or voice using Voice FFLAS in their offerings, and end-users can also switch between these options.

⁵³ The quality of a mobile call is influenced by a number of variables such as by coverage, congestion and handset quality. However, with mobile coverage present in almost 100% of urban areas, quality is likely to only be affected by handset quality, in home black spots, and congestion.

⁵⁴ Commerce Commission “[2024 Telecommunications Monitoring Report](#)” (30 June 2025), page 13.

⁵⁵ Of the approximately 40k residential voice only connections that remain, around 35% are in rural areas where only 13% of New Zealand’s population live. Commission data as of 30 June 2023.

⁵⁶ Commerce Commission “[Customer Satisfaction Tracking – Messaging Apps Quarterly Report Jan – Mar 2025](#)” (30 October 2025), page 6.

- 2.55 These alternatives likely provide a similar quality service and are available for similar prices.
- 2.56 A business has substantial market power (**SMP**) when its actions are not constrained by competition. Our view is that workable competition exists in the urban market for retail voice services and that it is likely that regulated providers are sufficiently constrained by the number and availability of close substitutes such that they do not have SMP in relation to the regulated wholesale Voice FFLAS.
- 2.57 Following our review of the submissions and cross submissions, we found no evidence that would alter our draft view that Voice FFLAS is subject to workable competition in the retail voice services market.

Alignment with the purpose in sections 162 and 166(2)(b)

- 2.58 We now consider whether Voice FFLAS should no longer be regulated (or should not be subject to PQ regulation), having regard to:
- 2.58.1 whether our recommendation best gives, or is likely to best give, effect to the purpose in section 162; and
- 2.58.2 where relevant, the promotion of workable competition in telecommunications markets for the long-term benefit of end-users of telecommunications services under section 166(2)(b).
- 2.59 Our assessment involves consideration of the regulatory costs and benefits of deregulation and how these impact end-user outcomes.

Promotion of workable competition

- 2.60 We consider that the promotion of workable competition under section 166(2)(b) is relevant in making our recommendation given the impact on the downstream market for retail voice services.
- 2.61 We have concluded that workable competition exists in this market.⁵⁷ Competition would not be impacted irrespective of whether regulation of Voice FFLAS remained or was removed. Our focus therefore turns to the purpose in section 162.

Promotion of the purpose of Part 6

- 2.62 Section 162 aims to ensure that regulated fibre service providers:

(a) have incentives to innovate and to invest, including in replacement, upgraded, and new assets; and

⁵⁷ As per section 166(2)(b).

(b) have incentives to improve efficiency and supply fibre fixed line access services of a quality that reflects end-user demands; and

(c) allow end-users to share the benefits of efficiency gains in the supply of fibre fixed line access services, including through lower prices; and

(d) are limited in their ability to extract excessive profits.

2.63 Potential adverse outcomes from deregulation include:

2.63.1 prices may rise for Voice FFLAS services and some consumers may not be willing or able to switch to an alternative; and

2.63.2 potential section 162(d) excess profitability risks for services that remain regulated when applying cost allocation.

2.64 Were Voice FFLAS deregulated, all revenue attributable to it would be removed from the PQ path and from ID reporting. To avoid remaining regulated fibre customers bearing the continued costs of Voice FFLAS (effectively allowing LFCs to over-recover these costs), the cost allocation Input Methodologies (**IM**) would need to be applied. As we noted in our draft recommendation, this would involve added regulatory cost. As we discuss further below, we now consider the burden of applying the cost allocation IMs will not be significant.

2.65 Given the level of competition we observe in the retail voice market, the options available to consumers, the relative size of that market, and the application of the cost allocation IMs (considered below), we do not consider either of the risks outlined in paragraph 2.63 to be material.

2.66 Further, there may be benefits from deregulation in section 162(b) and (c) efficiency terms as costs involved in providing the Voice FFLAS fall away (see the discussion below on the relationship to the voice anchor service).

Costs and benefits of deregulation

2.67 Finally, we have assessed the regulatory costs and benefits that could arise from Voice FFLAS no longer being regulated. In a change from our draft recommendation, we now consider the potential benefits from deregulation outweigh the potential costs involved. In response to submissions, we have revised our views on:

2.67.1 the regulatory burden created by the need to allocate costs between Voice FFLAS and fibre services that would remain regulated; and

2.67.2 the benefits to end-users from the voice anchor service ceasing to apply.

Approach to cost allocation

2.68 The key deregulatory cost we were concerned about was cost allocation – particularly the changes to LFC systems and audit procedures that may have been required.

What we said in our draft recommendation

- 2.69 Our view in the draft recommendation was that the costs involved in deregulation of Voice FFLAS could be significant relative to the small size of the service in customer or revenue terms.
- 2.70 Separating out costs for Voice FFLAS would start with costs directly attributable to their provision (direct costs) such as those associated with standalone voice-only services. These may be relatively straightforward.
- 2.71 However, for bundled voice/broadband services, cost allocation is more complex. There are no specific assets for Voice FFLAS (apart from ATA ports and some service lead-ins), and all operating costs and assets are shared.
- 2.72 In this context, deregulation could increase the upfront and ongoing regulatory burden, particularly if cost allocation is complex and/or if providers needed to undergo audit processes to validate cost allocation. Even if causal allocators and/or proxies were used, these processes still incur transaction costs and introduce new compliance obligations. This would likely add complexity to the overall regulatory environment rather than reduce it.

Views raised in response to our draft recommendation

- 2.73 Some submitters suggested we should align the timing of reviews to account for interdependencies between services, especially if we are maintaining regulation due to the costs of deregulation.⁵⁸
- 2.74 As our decision is now to recommend deregulation of Voice FFLAS, we are comfortable publishing this recommendation ahead of other FFLAS reviews. We have aligned the timing of the three remaining reviews to reflect the interdependencies referred to in submissions.
- 2.75 Chorus stated that because Voice FFLAS is a structurally declining service there would be limited commercial flexibility if deregulation occurs.⁵⁹
- 2.76 One NZ and Spark agreed with our draft position that the compliance costs involved with cost allocation would outweigh the benefits of deregulating.⁶⁰ In its submission, Chorus also highlighted the potential costs of developing a robust approach to allocating bundled voice services.⁶¹

⁵⁸ Chorus “[Chorus submission on Fibre Deregulation Review of Voice services](#)” (27 November 2025), page 3; Enable “[Submission on Voice Services Deregulation Review](#)” (27 November 2025), page 3; One NZ “[Submission on Voice Services Deregulation Review](#)” (27 November 2025), page 2; Spark “[Submission on Voice Services Deregulation Review](#)” (27 November 2025), pages 1 and 2; Tuatahi “[Submission on Voice Services Deregulation Review](#)” (27 November 2025), page 4.

⁵⁹ We have noted this feedback and removed commercial flexibility as a benefit to deregulation from our final recommendation.

⁶⁰ One NZ “[Submission on Voice Services Deregulation Review](#)” (27 November 2025), page 3; Spark “[Submission on Voice Services Deregulation Review](#)” (27 November 2025), page 5.

⁶¹ Chorus “[Submission on Voice Services Deregulation Review](#)” (27 November 2025), paragraphs 11–16.

- 2.77 LFCs identified cost allocation approaches that they consider would not impose undue cost and would be compliant with the IMs. Based on these approaches, they suggested that the costs involved in deregulation would not be as significant as our draft recommendation implied.
- 2.78 Enable proposed approaching cost allocation by “using the voice services revenue percentage of total revenue as a proxy cost allocator of costs”.⁶²
- 2.79 Tuatahi proposed directly attributing the costs of unbundled Voice FFLAS to unregulated FFLAS:⁶³

As Tuatahi’s wholesale price for a bundled voice/bitstream service is the same as the wholesale price for the same bitstream service without a voice component it earns no incremental revenue from the voice component of a bundled voice/bitstream service. There is accordingly no voice revenue from the bundled service to be identified. If Voice FFLAS were deregulated, it would be a very simple exercise for Tuatahi’s finance team to move that service and the associated revenue into unregulated services.

In relation to costs, Tuatahi would allocate the total capex and opex costs of providing Baseband ATA to the unregulated Voice FFLAS. The assets used to provide Baseband ATA would be removed from Tuatahi’s Regulated Asset Base and there would be no possibility of risk of non-voice customers bearing the cost of Baseband ATA services.

- 2.80 Similarly, Chorus noted that focusing on unbundled voice (and effectively directly attributing the cost of supplying bundled voice/broadband service to regulated FFLAS) may prove lower cost:⁶⁴

One way to mitigate the cost would be to require the allocation of costs and revenues associated with standalone voice services only. Effectively, this would mean allocating 100% of the costs and revenues with respect to bundled FFLAS voice and broadband services to FFLAS. This approach can be justified as Chorus does not charge an additional amount for the inclusion of voice with bitstream.

- 2.81 In its cross submission, Chorus acknowledged that an allocation methodology that covers voice-only FFLAS (such as that suggested by Enable and Tuatahi) would be a lower cost way deregulating. However, even with such an approach, it considered that the costs would likely still outweigh the benefits given the small nature of any potential benefits from deregulation.^{65, 66}

⁶² Enable NZ “[Submission on Voice Services Deregulation Review](#)” (27 November 2025), page 2.

⁶³ Tuatahi “[Submission on Voice Services Deregulation Review](#)” (27 November 2025), page 3.

⁶⁴ Chorus “[Submission on Voice Services Deregulation Review](#)” (27 November 2025), paragraph 18.

⁶⁵ Chorus also noted that, unlike the LFCs subject only to ID regulation, as it is subject to PQ regulation, it requires the Commission to approve its allocation approach. It requested that if the Commission recommended deregulating using voice-only FFLAS, that we specify that an allocation methodology that covers voice-only FFLAS services only will be an acceptable approach for Chorus to apply.

⁶⁶ Chorus “[Cross submission on Voice Services Deregulation Review](#)” (17 December 2025), paragraphs 5 and 6.

2.82 Spark’s cross submission raised concerns with using short form approaches to cost allocation.⁶⁷

However, these short form approaches are unlikely to promote the s162 and likely work to undermine competition in regulated and adjacent markets. For example:

- a. The approaches have the effect of either:
 - i. allocating only incremental costs to the voice service – leaving shared and common costs with FFLAS end-users, or Voice FFLAS deregulation Public Version 2
 - ii. using the RAB to indemnify competitive activities.

A regulated provider is not competing when losses from competitive failure are allocated to the RAB. In the end, no firm can compete with a monopoly regulated provider backed by guaranteed RAB returns, and

- b. The approaches are blind to the s162 purposes such as promoting outcomes consistent with workably competitive markets and the sharing of efficiencies with end-users, including through lower prices).

2.83 In its submission Tuatahi stated regulation should be removed as a point of principle in a workably competitive market.⁶⁸

Response to submitter views

2.84 To enable deregulation of Voice FFLAS, any cost allocation approach needs to be:

2.84.1 compliant with the fibre IMs; and

2.84.2 have implementation costs that are proportionate to the scale of the service.

2.85 Our view is that the cost allocation approaches proposed in submissions (or something similar) would likely meet the IM requirements. The IMs (in simple terms) require:

2.85.1 costs that can be directly attributed to the regulated/unregulated service to be directly attributed;⁶⁹

2.85.2 costs that cannot be directly attributed (shared costs) to be allocated (where possible) based on a causal relationship;⁷⁰ and

⁶⁷ Spark “[Cross submission on Voice Services Deregulation Review](#)” (17 December 2025), paragraph 8.

⁶⁸ Tuatahi “[Submission on Voice Services Deregulation Review](#)” (27 November 2025), paragraph 10.

⁶⁹ Commerce Commission “[Fibre Input Methodologies Determination 2020 – Consolidated version as of 3 September 2025](#)” (3 September 2025), pages 48 and 49, clauses 2.1.1(2)–(3) and 2.1.2(2)–(3).

⁷⁰ Commerce Commission “[Fibre Input Methodologies Determination 2020 – Consolidated version as of 3 September 2025](#)” (3 September 2025), pages 48-51, clauses 2.1.1(4)–(6), 2.1.2(4)–(6), and 2.1.3(1)–(2).

- 2.85.3 costs which cannot be allocated on a causal basis to be allocated using reasonable proxy allocators.⁷¹
- 2.86 In principle, we accept that the costs and assets involved in providing bundled and unbundled Voice FFLAS connections can be treated separately.
- 2.86.1 For bundled voice connections, directly attributing costs and assets to regulated FFLAS (or, framed differently, using a revenue allocator with no revenue and 0% of costs allocated to voice) is reasonable in the circumstances (on the basis that no revenue is associated with the service, and acknowledging the small scale of the total costs).
- 2.86.2 For unbundled connections, either directly attributing these assets to voice or (as proposed by Enable) using a simple proxy such as revenue to allocate them is also workable.
- 2.87 We agree in principle with Spark’s proposition that the regulated RAB should not be used to protect LFCs against stranding risks in unregulated (or deregulated) markets. However, to the extent that the assets used in the provision of Voice FFLAS (eg, lead-ins, ONTs) are all ‘dual use’ (capable of providing both regulated and deregulated services) we do not consider that an issue in this case.⁷²
- 2.88 We also agree that an exclusive focus on the incremental cost of deregulated Voice FFLAS would not be consistent with the cost allocation IMs. We note that approaches such as the one proposed by Enable (using a revenue allocator across common costs) would avoid this.
- 2.89 As such, we agree the costs associated with deregulating Voice FFLAS may be lower than assumed in our draft recommendation.
- 2.90 We agree with Tuatahi that voice services is a workably competitive market, but when considering deregulating any service, we must consider what legislation sets out under sections 162 and 166(2)(b) rather than simply making an ‘in principle’ decision.

Interaction with the voice anchor service

- 2.91 Under section 198, a regulated fibre service provider who is subject to PQ regulation must provide an anchor service if an anchor service has been declared. Voice and broadband anchor services have been declared in regulations under section 227.

⁷¹ Commerce Commission “[Fibre Input Methodologies Determination 2020 – Consolidated version as of 3 September 2025](#)” (3 September 2025), pages 48–51, clauses 2.1.1(4)–(6), 2.1.2(4)–(6), and 2.1.3(1)–(2).

⁷² For similar reasons, we consider it unlikely that the unavoidable cost cap in clauses 2.1.3(5) and 3.2.1(11) would be triggered.

- 2.92 While explicit recommendations on the anchor services (including the voice anchor service) are outside the scope of this review, if the deregulation of Voice FFLAS in practice leads to the voice anchor service no longer applying, we can consider the costs and benefits of this as part of our assessment.

Benefits and costs of voice anchor service no longer applying

- 2.93 Were the voice anchor service to no longer apply, this would have benefits in terms of increased efficiency from reducing:
- 2.93.1 the direct costs associated with voice anchor service provision and compliance; and
 - 2.93.2 the indirect costs (particularly related to the provision of voice capable ONTs) associated with maintaining a network capable of supplying Voice FFLAS which is not being used.
- 2.94 As noted by Spark and One NZ, particular subgroups of customers may be more reliant on the services using Voice FFLAS.⁷³ However:
- 2.94.1 deregulation (both of Voice FFLAS and the voice anchor service) does not mean these services would no longer be available (where there is a commercial case for offering them); and
 - 2.94.2 as noted above, there are a wide variety of alternative voice services available.
- 2.95 Spark noted anchor services serve distinct consumer protection roles, such as ensuring that an affordable fixed landline service remains available over the fibre network.⁷⁴ While we agree that the purpose of the anchor service is different to the regulated Voice FFLAS, we are guided by the legislation.
- 2.96 In our draft Voice FFLAS paper, we interpreted section 198 as requiring a regulated fibre service provider to provide all anchor services if it is subject to PQ regulation, even if the provider is not subject to PQ regulation in respect of the anchor service. This would have the effect, for example, of requiring a provider to provide the voice anchor service even if the provider was not subject to PQ with respect to Voice FFLAS, so long as the provider was subject to PQ in respect of other services.
- 2.97 In its submission, Chorus disagreed with this position, pointing to both the inconsistency of this position with the overall scheme of Part 6 and with the approach taken to the similar position of section 201 geographically consistent price obligations with respect to ID-only FFLAS.⁷⁵

⁷³ One NZ “[Submission on Voice Services Deregulation Review](#)” (27 November 2025), paragraph 10; Spark “[Submission on Voice Services Deregulation Review](#)” (27 November 2025), paragraph 12.

⁷⁴ Spark “[Submission on Voice Services Deregulation Review](#)” (27 November 2025), paragraph 12.

⁷⁵ Chorus “[Submission on Voice Services Deregulation Review](#)” (27 November 2025), paragraphs 21–29.

- 2.98 We consider the analogy to section 201 compelling and now consider that the anchor service obligation only applies to the services where the supplier is subject to PQ regulation, rather than to the supplier in general.
- 2.99 As such, our view is now that the voice anchor service would no longer apply to Chorus if Voice FFLAS is deregulated. As a result, the benefits noted above would also be realised from the deregulation of Voice FFLAS.
- 2.100 We disagree with Chorus' position in its cross submission that even with a lower cost allocation methodology, costs of deregulation would still be greater than benefits. When the benefits of the voice anchor service no longer applying are combined with the lower costs associated with cost allocation, we consider this tips the balance in favour of deregulation, and have accordingly reached the view that Voice FFLAS should be deregulated.

Recommendation

- 2.101 For the reasons outlined in this report, our view is that Voice FFLAS should no longer be regulated under Part 6 of the Act in order to best give effect to section 162 and 166(2)(b). Accordingly, our recommendation to the Minister is to deregulate Voice FFLAS at this time.
- 2.102 Our recommendation, which has changed since our draft recommendation in response to industry submissions and cross submissions, remains finely balanced on the question of costs based on the evidence that has come before us during the course of our consultation.
- 2.103 We are conscious that this review is the first of the four FFLAS we are reviewing. The other three reviews (of Transport, Point-to-Point, and Co-location and interconnected services) are being undertaken currently and consultation on these will follow.
- 2.104 All parties agree that competition for voice services exists and that this recommendation comes down to the costs of deregulating rather than any competition concerns. If Voice FFLAS were deregulated and no longer offered for sale, consumers have, and would continue to have, several viable alternatives including mobile or VoIP over a range of technologies including fibre. The declining demand for the regulated service highlights the range of viable alternatives available.
- 2.105 We recognise that revising cost allocation proxies is a separate and future regulatory activity. However, assuming the status quo (low demand/ no marginal revenue) continues, our view is that a voice-only, revenue proxy-based approach to cost allocation would meet the requirements of the IMs. However, if this changes (because, for example, LFCs started charging extra for a voice service bundled with a broadband service), then this approach will need to be reconsidered in light of the additional incremental revenue.