

21 November 2022

Hon Dr David Clark
Minister for the Digital Economy and Communications
Wellington

By email: [REDACTED]

Dear Minister

**Recommendation to approve Chorus' request to vary its Deed of Open Access
Undertakings for Copper Services**

1. We are writing to recommend that you approve Chorus' proposed variation to clause 17.2 of its Deed of Open Access Undertakings for Copper Services (**Deed**) as set out in paragraph 9.¹

Background

2. Following the structural separation of Telecom, sharing arrangements were put in place between Spark and Chorus for the continued use and sharing of certain systems and assets that were previously owned or controlled by Telecom.
3. Chorus gave certain undertakings in the Deed, including those relating to the sharing arrangements, in accordance with, and for the purposes of subpart 4 of Part 2A of the Telecommunications Act 2001 (**the Act**).
4. The undertakings in clause 17 of the Deed require Chorus to maintain and update a Sharing Arrangements Transition Plan (**SATP**). The SATP sets out the actions and timeframes associated with ending the sharing arrangements. Chorus is also required to annually update its SATP and provide this to you as Minister.²
5. On 29 April 2022, Chorus requested the Commission to recommend that you approve, as Minister, a variation to the Deed to reduce the level of detail it must provide annually on the SATP. Chorus' letter and the documents referred to in its letter are enclosed.

¹ The Deed can be found at https://comcom.govt.nz/__data/assets/pdf_file/0026/90494/Chorus-Copper-Deed-6-October-2011.PDF

² Clause 17.5 of the Deed.

6. On 7 June 2022, we advised Chorus that we would make reasonable efforts to notify it of our recommendation decision as soon as possible after completing our mandatory consultation on the proposed variation. We subsequently consulted with interested parties on the proposed variation over the period 13 September 2022 to 11 October 2022.

Changes requested by Chorus

7. Instead of providing detailed changes in the SATP, Chorus seeks to provide only a high-level summary of changes. This simplification would require a variation to the Deed.
8. Clause 17.2 of the Deed, which sets out the requirements for the SATP, reads as follows:
 - 17.2 The Sharing Arrangements Transition Plan will identify key Sharing Arrangements and will set out for each key Sharing Arrangement:
 - (a) a description of the actions required to move to ending the Sharing Arrangement without imposing significant and unreasonable costs on Chorus;
 - (b) time frames for the actions described in paragraph (a);
 - (c) the trigger points and dependencies (commercial, technological or otherwise) for meeting the time frames described in paragraph (b); and
 - (d) the actions described in paragraph (a) that are currently underway and/or planned for the next 12 months, if any.
9. Chorus has proposed varying the wording of clause 17.2 of the Deed so that it reads as follows:
 - 17.2 The Sharing Arrangements Transition Plan will identify key Sharing Arrangements and will set out:
 - (a) key changes to sharing arrangements during the previous 12 months;
 - (b) the current state of sharing arrangements, in terms of number of shared systems remaining; and
 - (c) a forecast of future changes anticipated to move to ending the sharing arrangements without significant and unreasonable costs to Chorus.
10. Chorus requested these variations to its SATP reporting requirements as it considers the current requirements are resource intensive and require considerable effort to prepare. Chorus also noted that the degree of change occurring in sharing arrangements had also decreased significantly due to progress made to exit shared systems, and the natural lifespan of shared systems coming to an end.

Legal framework

11. The requirements for making variations to undertakings made under subpart 4 of Part 2A are set out in section 156AL of the Act.³
12. As Minister you may approve a proposed variation on the recommendation of the Commission. Before recommending such variation, the Commission must have:
 - 12.1 received a request for the variation from Chorus;
 - 12.2 consulted with interested parties; and
 - 12.3 determined that it is satisfied that the variation would best give effect to the purposes of subpart 4 of Part 2A of the Act.

Our assessment

13. During our consultation we received one submission from Chorus in support of the variation and no submissions disagreeing with the variation. Chorus noted in its submission that it did not foresee any negative impacts from the variation which would improve the accessibility of the SATP report and reduce compliance costs to Chorus.
14. We have considered Chorus' proposed variation against the purposes of subpart 4 of Part 2A which are set out in section 69W of the Act:

The purposes of this subpart are to—

 - (a) promote competition in telecommunications markets for the long-term benefit of end-users of telecommunications services in New Zealand; and
 - (b) require transparency, non-discrimination, and equivalence of supply in relation to certain telecommunications services; and
 - (c) facilitate efficient investment in telecommunications infrastructure and services.
15. We are satisfied that the proposed variation would best give effect to these purposes as we consider that:
 - 15.1 Chorus' requested variation is unlikely to impact competition in telecommunications markets.
 - 15.2 Chorus' current annual SATP updates are complex, technical documents. Chorus' requested variation will likely have the effect of simplifying the SATP, thereby improving transparency and making the information more accessible.

³ Section 69XE provides that sections 156AL to 156AN apply with necessary modifications to undertakings made under subpart 4 of Part 2A of the Act.

- 15.3 Chorus' requested variation to simplify the SATP is unlikely to impact efficient investment in telecommunications infrastructure and services.
16. We note that the current SATP reporting requirements were put in place when it was considered that there was significant risk that Chorus and Spark could collude, to the detriment of competition in telecommunications markets. It has subsequently become clear that the interests of the two companies are now different and the prospect of them engaging in such conduct is remote.
17. We notified Chorus of our recommendation (with reasons) on 18 November 2022 as required by section 156AM of the Act.
18. The Commission therefore recommends that you approve Chorus' proposed variation to clause 17.2 of the Deed as set out in paragraph 9.

Yours sincerely,



Tristan Gilbertson
Telecommunications Commissioner

Enclosures: Chorus request for SATP simplification (29 April 2022)
Chorus Sharing Arrangements Transition Plan 2021 – example of proposed short form Plan (29 April 2022)
Sharing Arrangements – Letter from Minister Faafoi to Julian Kersey (5 December 2019)

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Rachael Coyle
Head of Telecommunications
Commerce Commission
BY EMAIL

29 April 2022

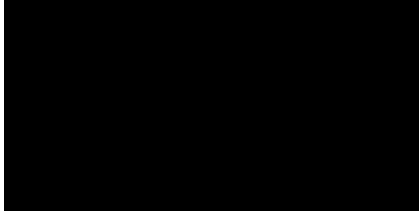
Dear Rachael

Proposal to simplify Sharing Arrangements Transitional Plan reporting

1. I am writing to ask the Commission to consider recommending the annual Sharing Arrangements Transition Plan (**SATP**) process be updated to reflect the progress made in exiting shared systems.
2. As part of the separation arrangements between Chorus and Spark, to avoid expenditure on duplicating legacy assets as the industry transitioned to fibre, it was accepted that Spark and Chorus needed to share certain assets, systems and services following demerger. To support this, a requirement was included in Chorus' Deed of Open Access Undertakings for Copper Services (**Deed**) for Chorus to provide an initial Sharing Arrangements Transition Plan and thereafter to provide annual updates to the SATP.
3. This year will be our 11th SATP. Given the passage of time and the progress made to date to exit shared systems we believe it is time to revisit the scale of the SATP produced each year. Considerable effort is required to prepare each plan, including thorough review and sign-off processes. This is resource intensive, involving numerous senior staff to ensure accuracy and manage associated risks.
4. As noted in our most recent SATP, we are close to reaching a point where those systems that can be exited without causing significant disruption to Spark's copper provisioning processes will have been exited. The degree of change in sharing arrangements has dropped significantly, being driven largely by systems reaching end of life and ceasing to be viable to maintain.
5. To reflect this, we ask the Commission to consider a recommendation to the Minister to amend the Deed to simplify the annual SATP. The amendment would be effected by way of a variation to the Deed under section 156AL of the Telecommunications Act.
6. We consider a simplified approach would continue to provide the Commission and Minister with appropriate oversight and visibility of our actions to transition away from Spark's systems, while reducing the resource and compliance burden on Chorus. The reasonableness of this burden is contemplated in the Deed (for example, in clause 17.6). The initial indications when we raised simplifying the SATP with the Minister (in our letter accompanying submission of our 2019 annual SATP) were positive. Please see the Minister's response attached.
7. We have attached an example of a simplified plan to this letter that also includes the pre-requisite amendments to the Deed that would be required. Our proposed modified format would provide the current state of sharing arrangements, recent changes, and a forecast of future changes anticipated – in addition to continuing to confirm the expected end date for sharing arrangements.

8. We welcome your consideration of this change and would be happy to meet to discuss any aspect of our proposal.

Yours sincerely



Julian Kersey
Head of Regulatory & Policy Affairs

Sharing Arrangements Transition Plan

2021 revision

[\(proposed short form example\)](#)

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1. Document Purpose

1.1. Overview

This Sharing Arrangements Transition Plan is prepared to meet the requirements of the "Chorus Open Access Deeds of Undertaking As accepted by the Minister for Communications and Information Technology on 1 November 2014[REVISED DATE]" (Copper Deed) in relation to key Sharing Arrangements between Spark and Chorus.

To avoid substantial capital expenditure on duplicating legacy assets, and to ensure the economics of separation and transition to a fibre centric future, it was accepted that Spark and Chorus needed to share certain assets, systems and services following separation. To facilitate this, Sharing Arrangements were put in place at demerger and were summarised in the Asset Allocation Plan as approved by the Minister at that time.

~~Chorus is the cornerstone partner of the Crown in relation to Ultra Fast Broadband through contracts with Crown Infrastructure Partners. This is a long term project with build to be completed by the end of 2022. Chorus is leading an industry transition to fibre. The speed and pace of transition is uncertain and may be affected by regulatory and policy settings and the choices of Chorus' customers.~~

This is the ~~tenth~~ [Nth] Sharing Arrangements Transition Plan (Plan) following demerger and constitutes the annual update of that plan provided to the Minister in accordance with the Copper Deed. ~~Following amendment to the Copper Deed in [2022], this short form plan provides only the current state of sharing arrangements, recent changes and a forecast of future changes anticipated, in addition to confirming the expected end date for sharing arrangements.~~

~~It reflects the current focus on moving or replacing systems used to manage only copper-based services, or both copper and fibre-based services, and ongoing refinement and elaboration of plans to end sharing arrangements.~~ Chorus expects to have exited the bulk of shared systems by 2022, however a residual set of systems, primarily required to manage copper services, is expected to be retained until as late as 2028. The timeframes indicated in this Plan, however, do not represent fixed milestones or deadlines but remain flexible and can be revised.

This Plan is not required to be published. As it contains confidential and commercially sensitive information, if a request is made under the Official Information Act for this Plan, Chorus requests that prior consultation occurs.

1.2. Copper Deed Reference

The relevant requirements of the Copper Deed are detailed in clause 17:

17 Sharing Arrangements Transition Plan

- 17.1 No later than 12 months following the Commencement Date, Chorus will prepare a Sharing Arrangements Transition Plan and provide a copy of that Sharing Arrangements Transition Plan to the Minister.
- 17.2 ~~The Sharing Arrangements Transition Plan will identify key Sharing Arrangements and will set out for each key Sharing Arrangement:~~
 - ~~(a) key changes to sharing arrangements during the previous 12 months a description of the actions required to move to ending the Sharing Arrangement without imposing significant and unreasonable costs on Chorus;~~
 - ~~(b) the current state of sharing arrangements, in terms of number of shared systems remaining time frames for the actions described in paragraph (a); and~~
 - ~~(c) a forecast of future changes anticipated to move to ending the sharing arrangements without significant and unreasonable costs to Chorus, the trigger points and dependencies (commercial, technological or otherwise) for meeting the time frames described in paragraph (b); and~~
 - ~~(d) the actions described in paragraph (a) that are currently underway and/or planned for the next 12 months, if any;~~
- 17.3 The Minister may, at any time within 60 Working Days of the date on which the Sharing Arrangements Transition Plan is provided to the Minister in accordance with clause 17.1, give notice to Chorus setting out that, in the Minister's view, the Sharing Arrangements Transition Plan:
 - (a) does not contain all the information set out in clause 17.2; and/or
 - (b) is not reasonable in light of the information provided in clause 17.2; and/or
 - (c) does not appropriately prioritise Sharing Arrangements relating to next generation service and giving detailed reasons for that view.
- 17.4 If the Minister gives notice to Chorus under clause 17.3, then Chorus must produce a revised Sharing Arrangements Transition Plan and provide a copy of that Sharing Arrangements Transition Plan to the Minister not later than 40 Working Days after the Minister notifies Chorus of the Minister's view. Clauses 17.2 – 17.4 apply with all necessary modifications to a revised Sharing Arrangements Transition Plan.
- 17.5 Each year, within 1 month of the anniversary date of [submission of a Plan accepted by the Minister]:...

Commented [A1]: Proposed amendment to the Copper Deed to permit this short form Sharing Arrangements Transition Plan.

Chorus will update the Sharing Arrangements Transition Plan and provide a copy of the updated Sharing Arrangements Transition Plan to the Minister. Clauses 17.2 – 17.4 apply with all necessary modifications to an updated Sharing Arrangements Transition Plan.

- 17.6 Nothing in this clause 17 requires Chorus to put in place fixed milestones or deadlines for transition and the time frames included in the Sharing Arrangements Transition Plan should be flexible and allow for revision by Chorus under clause 17.5 as necessary to avoid imposing significant and unreasonable costs on Chorus.

2. ~~Executive Summary~~

2.1. Foreword

~~Having established Chorus as an independent business with its own enterprise systems, and established stand-alone capability to support our fibre business, Chorus is now migrating IT system capabilities which support either copper services, or a combination of copper and fibre services, from Spark to Chorus, and progressively exiting from Spark shared systems.~~

Chorus continues to execute plans to exit systems used to support fibre-based or copper- and fibre-based services. However, current plans to continue managing copper services using legacy systems, and the high penetration of fibre services in UFB effectively discourage any independent exit on Chorus' part from shared systems which support only copper-based services, and will likely result in such systems remaining shared until copper services demand declines to a point where such systems are no longer required by either or both parties.

3. ~~Key changes to sharing arrangements~~ Achievements in the last 12 months

Over the last 12 months, Chorus has continued to implement plans to migrate functions supporting both copper and fibre services off shared systems, and to migrate Chorus systems and services off Spark-owned infrastructure.

Key achievements over the last 12 months have been:

3.1. Chorus Assure Phase 3 progress

Chorus has continued a programme of developing a new service assurance platform to support fibre and copper services. Following establishment of new customer channels in 2019, migration of customers onto new channels occurred earlier this year. Since then, focus has shifted to systems managing work undertaken by Chorus' Service Company partners. Migration of Service Companies to the new systems is currently underway, expected to be complete in mid-2022.

3.2. Exit from the Spark IP Core network

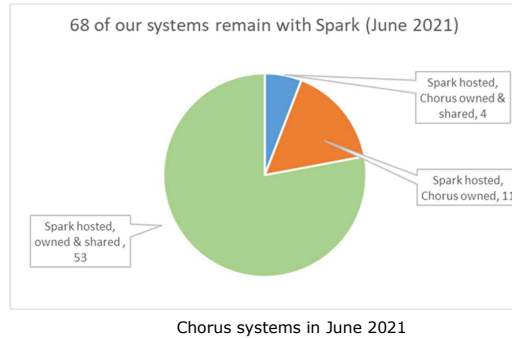
With the completion of migration of customers from Basic UBA L2TP services to Enhanced UBA, and removal of the last L2TP RSP handover links, Chorus was able to fully exit Spark's legacy IP core network. This leaves transport network supporting the PSTN as the remaining assets that are shared with Spark under the Network Electronics Sharing Agreement.

3.3. Other significant changes in 2021

A review of outstanding shared systems has also been undertaken over the last year, and initiatives to exit a large number of systems implemented or initiated. This work has seen 37 systems exited in the last year, and will continue over the coming year.

4. Current State~~The next 5 years of separation~~

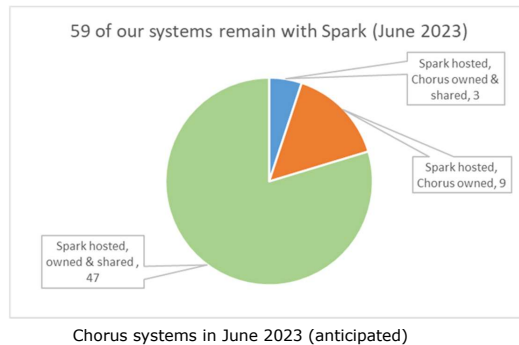
As of June 2021, only 68 of our systems remained hosted in Spark, either Chorus- or Spark-owned (a reduction of 37 from last year's Plan, and 10 fewer systems than had been previously projected to remain at the end of 2021):



5. Forecast

A further 7 systems are to be exited by the end of 2021 as a result of other development work undertaken during 2020 and 2021.

Although this is fewer systems than were previously planned to remain by the end of 2021, Chorus has not yet completed the phase "Common BSS/OSS Migration", with a small number of systems supporting both copper and fibre services remaining to be exited before this milestone will be achieved. These are now not expected to be fully exited until June 2023, however this is not expected to have any impact on the projected end date for sharing arrangements. Current plans propose continuing targeted exit and transition to Chorus from Spark hosted systems resulting in 59 systems remaining with Spark in June 2023. Whilst this still seems like a large number, it does reflect the lion's share of functional capability migrated off shared systems, and on to Chorus owned and hosted systems.



This will reduce Chorus' reliance on Spark systems to 47, with a further 12 Chorus systems remaining in Spark. Of the 47 systems, 19 of these comprise supporting IT infrastructure for shared systems (and also support Spark's IT estate) that do not need to be replaced, and Chorus will exit these systems when all other shared systems have been exited.

By June 2023 Chorus expects to have migrated, replaced or exited from all systems except those dependent on shared capabilities used by Spark for provisioning and assurance of copper-based services.

The key functional areas still dependent on Spark systems in 2023 will be:

- Customer channels (B2B gateways and portals) used for copper-based services;
- Assurance functions (service events and service performance); and

- Copper Logical Inventory used for copper-based voice and broadband services.

These are expected to remain until either or both parties choose to exit these systems.

A decision to exit these systems will most likely need to be coordinated between Spark and Chorus to be viable. Even then, factors which would influence the form and feasibility of exit include:

- Complexity of the service set. Offering multiple copper-based services and service variants drives complexity and cost of change to systems. Ideally the Chorus product set would comprise only a single UBA service (EUBA) a single telephony access service (Baseband IP).
- Demand for copper-based services in Spark and in Chorus. Demand will ultimately reduce to a reach a threshold below which it becomes feasible to reduce levels of automation required or adopt different approaches to manual and automated processing. Copper-based services would nonetheless continue to be supported with effective and efficient operational processes.
- Chorus' ability to withdraw copper in fibre areas under the Copper Withdrawal Code will be a key factor influencing total demand for copper-based services.
- The ongoing feasibility and cost of sustaining legacy capability. Alternative commercial support models may influence this factor.
- Appetite for investment on the part of RSPs (including Spark) to make changes to consume new channels for copper-based services, given declining demand for those services.

[Further detail on the overall approach undertaken to exiting the sharing arrangements can be found in the last full-form Sharing Arrangements Transition Plan provided to the Minister in 2021.](#)

Appendix A

A.1 Key Sharing Arrangements Overview

On 24 May 2011 Telecom (now Spark) reached an agreement for its network business Chorus to take the cornerstone role in the Government's UFB initiative. The terms of the agreement provided that Chorus was to demerge from Telecom. Chorus would be a new company established to be the nationwide access network owner and would be permanently separated from Telecom's retail and other businesses through a demerger.

The demerger was effected on 30 November 2011.

To avoid substantial capital expenditure on duplicating legacy assets and ensure that the economics of separation and transition to a fibre-centric world would work, it was necessary for Telecom and Chorus to share a number of assets, systems and services immediately following separation.

To facilitate asset sharing, while ensuring competition and sensitive commercial or customer information are appropriately protected, the Government introduced a new Subpart 2 to Part 2A of the Act to put in place a regime for implementation and oversight of Sharing Arrangements.

In addition, the Act included a provision under section 69XB that Chorus must give undertakings that (amongst other things) require Chorus to commit to a reasonable plan containing time frames for a transition to the end of the Sharing Arrangements referred to in Subpart 2.

Sharing Arrangements are defined in the Act as follows:

- (a) means an arrangement, agreement, contract, or understanding between Spark and Chorus for the purpose of providing either or both with access to, or continued use of, a system, asset, or service that is owned or controlled by Spark at the close of the day before separation day; and
- (b) includes an arrangement, agreement, contract, or understanding of the kind described in paragraph (a) that is conducted with or through a third party...

All Sharing Arrangements must be recorded in writing, be on arm's length terms, be unlikely to harm competition in any telecommunications market, and ensure the protection of confidential commercial and customer information. In addition, the Commerce Commission has oversight under the Act of all Sharing Arrangements.

The Sharing Arrangements between Chorus and Spark fall into the following categories:

Categories of Sharing Arrangements	Description
1. Services Agreements	Agreements for products/services which Chorus will supply to all retail service providers (RSPs) under the UFB Services Agreement, Chorus Services Agreement, and Chorus Wholesale Services Agreement. We note that this category of agreement has been exempted under section 69N of the Act from the statutory regime.
2. Agency Agreement	Under which Chorus is the agent for Spark's wholesale product set, including the provision of local calling and access service in order to provide a bundled UBA and local access and calling service under the Act.
3. Gen-i (now Spark Digital) Business Agreement	Under which Spark provides certain products to Chorus, which continues for up to 36 months or until such time that either party terminates. We note that this agreement has been exempted under section 69N of the Act from the statutory regime.
4. SSA	This agreement reflects the fact that prior to separation Chorus and Telecom Wholesale leveraged a shared operations unit and used shared IT systems and platforms, as well as personnel to deliver their products which support multiple platforms, products and customer groups. In order to minimise customer impact, migrations, industry cost and investment in legacy products Chorus could not immediately develop independent IT platforms and processes to support its structural separation, instead Chorus needs to continue to use existing shared systems.

Categories of Sharing Arrangements	Description
5. NESA and property	Chorus and Spark owned network assets used by both Chorus and Spark – to avoid the unnecessary duplication of assets, certain assets are owned by Chorus and used by both parties and other assets are owned by Spark and used by both. The network assets shared fall into two categories – network electronics and buildings. We note that a number of property agreements have been exempted under section 69N of the Act from the statutory regime. ¹
6. Fibre Agreements	A fibre repair agreement and contractual rights of use dealing with the split of fibre assets and repair of Spark fibres by Chorus. We note that most of these fibre agreements have been exempted under section 69N of the Act from the statutory regime. ² There is a contractual right of use and a right of first refusal agreement since demerger that remains subject to the statutory regime for Sharing Arrangements.
7. TSA	Certain services required by both Chorus and Spark in the short to medium term – expected to be between 6 – 31 months until the receiving party is able to migrate to self-sufficiency or third party provision. (<i>now terminated</i>)
8. Fibre Capacity Agreement	Chorus obtains capacity on certain fibre links owned by Spark under an arm's length capacity agreement based on standard industry terms.
9. Interim Agreements	Chorus requires ad hoc interim agreements with Spark that ensure continuity of services during the period of migration off Spark platforms and onto Chorus or third-party platforms.

The Copper Deed requires this Plan to "identify key Sharing Arrangements".

The key Sharing Arrangements are considered here to be those which continue in the medium to long term and where Spark and Chorus continue to share systems, assets or services, particularly where Spark provides services to Chorus, and have been guided by the need to give the industry confidence that Chorus is meeting the objectives set out in section 2.2 above, and excludes exempted Sharing Arrangements.

The following table identifies and briefly describes the key Sharing Arrangements we have identified as relevant to this Plan:

Arrangement	Description
Shared Systems Agreement	<p>An agreement between Spark and Chorus regarding the provision of certain services using, and access to, shared systems owned by either party to enable the other party to continue to provide telecommunications products and services.</p> <p>This agreement addresses several inter-related arrangements encompassing:</p> <ul style="list-style-type: none"> • Shared systems (both Spark- and Chorus-owned); • Operation of IT and network technology; • Shared provisioning, faults and billing services; • Technical plan, design and build services relating to shared systems.

¹ Master Lease between Telecom (as landlord) and Chorus (as tenant) dated 1 December 2011, Master Lease between Chorus (as landlord) and Telecom (as tenant) dated 1 December 2011, Telecom Services Agreement – General Terms between Telecom Corporation of New Zealand Limited, Telecom and Chorus dated 1 December 2011, Telecom Services Agreement – General Terms between Telecom, Telecom Mobile Limited and Chorus dated 1 December 2011, Deed of lease between Telecom (as landlord) and Chorus (as tenant) dated 1 December 2011 and Deed of lease between Chorus (as landlord) and Telecom (as tenant) dated 1 December 2011.

² Fibre Repair Agreement between Telecom and Chorus dated 30 November 2011 East Coast Fibre Sharing Agreement between Telecom and Chorus dated 30 November 2011, Bay of Plenty Fibre Sharing Agreement between Telecom and Chorus dated 30 November 2011, South Island Fibre Sharing Agreement between Telecom and Chorus dated 30 November 2011 East Coast South Island Fibre Sharing Agreement between Telecom and Chorus dated 30 November 2011, Southland Fibre Sharing Agreement between Telecom and Chorus dated 30 November 2011, and Deed of Covenant between Transpower New Zealand Limited, FX Networks Limited, Telecom and Chorus dated 30 November 2011.

Arrangement	Description
Transitional Services Agreement	<p>An agreement between Spark and Chorus regarding the provision of various services during a transitional phase following Demerger. These services encompassed a range of non-core business functions.</p> <p>Services provided by Spark were primarily "enterprise" systems and services encompassing such things as finance, HR, and procurement. Services provided by Chorus to Spark were primarily property-related services for which a limited pool of expertise exists in Chorus.</p> <p>The TSA expired in June 2014.</p>
Network Electronics Sharing Agreement	<p>An agreement between Spark and Chorus regarding the use of their respective Network Electronics Assets to enable the other party to continue to produce or manage their respective products and services.</p> <p>The agreement encompasses a range of network technologies of varying functionality and age.</p>
Continuing Services Letters	<p>Agreements between Spark and Chorus regarding provision of minor services originally provided under the Transitional Services Agreement, and which are still required for a period beyond termination of the TSA.</p>

We have not included the following Sharing Arrangements:

- Fibre agreements (other than those exempted under the Act) have not been included as they generally benefit Chorus and give no advantage to Spark.
- Agency Agreement has not been included as Chorus has a legislated obligation to provide a bundle of UBA and the local access and calling service and this is supported by the Agency Agreement. Chorus cannot therefore exit from this Sharing Arrangement unless and until that obligation is removed from the Act and the Copper Deed, or Spark ceases offering the services addressed by the agreement. In addition, as the idea of a single service desk was driven by the industry and Chorus is providing services to Spark, we do not consider that this is a key Sharing Arrangement^{3,4}.

The following diagram identifies the importance versus the effort of actions required to end the key Sharing Arrangements.

³ Whether or not Agency Products continue to be offered by Chorus has material impacts on the systems capabilities required by Chorus to enable exit from Spark Shared Systems, and on capabilities Spark also needs to provide to support that exit.

⁴ Following the Minister's acceptance of a Commerce Commission recommendation to omit Resale Services from Schedule 1 of the Telecommunications Act 2001, we anticipate that Chorus' obligation to provide a bundle of UBA and the local access and calling service will also be removed in due course.



MP for Mana

Minister of Broadcasting, Communications
and Digital Media

Minister for Government Digital Services

Minister of Commerce and Consumer Affairs

Associate Minister of Housing (Public Housing)

05 DEC 2019

Mr Julian Kersey
Manager, Regulatory and Policy Affairs
Chorus New Zealand Limited
PO Box 632
WELLINGTON 6140

Dear Julian

2019 SHARING ARRANGEMENTS TRANSITION PLAN

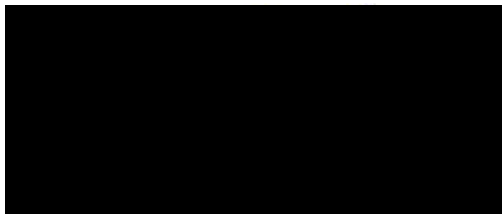
Thank you for your letter of 29 November 2019 enclosing a copy of the updated (2019) Chorus Transition Plan for Sharing Arrangements.

I have reviewed the 2019 plan and do not propose any changes. I am pleased to see that Chorus will be migrating from a significant number of shared systems over the next two years. I acknowledge, also, the expected final date for Chorus to exit from all sharing arrangements remains as 2028.

I note your request to simplify the reporting obligations prescribed in the Deed of Open Access for Copper Services, to produce this report every 12 months. As is specified in the Act, you are required to submit a request in writing to the Commerce Commission to enable future amendment to the reporting obligations. Following any recommendations from the Commission, I can then consider a change in any future reporting obligations.

I welcome your intention to publish a summary of the updated transition plan. This summary is important for keeping the telecommunications industry informed of progress toward the separation of shared systems, as well as upcoming system changes.

Yours sincerely



Hon Kris Faafoi
Minister of Broadcasting, Communications and Digital Media