

## Media Release

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### **Commission announces next step in setting UBA price**

The Commerce Commission has today released an updated timetable for completing its determination of a cost-based price for wholesale broadband – the unbundled bitstream access (UBA) service.

Telecommunications Commissioner Dr Stephen Gale announced that the Commission will hold a conference on 12 and 13 June to test the views expressed by industry in submissions and cross-submissions on the draft UBA determination. The Commission expects to finalise the UBA determination in August 2013.

The Commission has fully reconsidered its timetable in light of the Government’s announcements that it intends to defer the date on which the new UBA price will come into effect to sometime in 2015, and that it will initiate a statutory review of the policy framework for telecommunications regulation.

The Commission consulted with industry on the implications of the Government announcement, and on whether any changes to the Commission’s timeframes were appropriate.

Amendments to the legislation in 2011 introduced a cost-based price for UBA from December 2014. The Commission is required to make ‘reasonable efforts’ to complete the UBA price determination – using international benchmarks – by December 2012, and to allow sufficient time to derive the UBA price from a cost model by December 2014, if requested by industry.

“Despite the proposed deferral of these 2014 deadlines, we have concluded that the grounds for delay are insufficient to outweigh the ‘reasonable efforts’ imperative in the Act,” said Dr Gale. “It is possible that a cost model will be required for the UBA price, and that this task will be combined with the cost modelling that is now underway for the underlying copper local loop. The timeframe

for such a combined review would be likely to extend into 2015 and may be more compatible with allowing for changes arising from the review of the Telecommunications Act.”

You can read responses to the Commission’s consultation on the timeframe for completing the UBA price review on the Commission’s website, at [www.comcom.govt.nz/uba-benchmarking-review/](http://www.comcom.govt.nz/uba-benchmarking-review/)

## Background

**Unbundled bitstream access (UBA)** is a service that allows telecommunications companies to supply broadband services to customers without the need to replicate Chorus' electronics or software.

Amendments introduced to the Telecommunications Act 2001 by the Telecommunications (TSO, Broadband, and Other Matters) Amendment Act 2011 froze the prices that apply to UBA through to 30 November 2014. The Amendment Act also required the Commission to calculate new, cost-based, prices for UBA to have effect from 1 December 2014.

UBA was previously priced using a **retail-minus approach** determined using Telecom’s retail broadband service plans. With the separation on 30 November 2011 of Telecom into Telecom, a retail service provider, and Chorus, a wholesale provider of the UBA service, retail-minus pricing was no longer appropriate.

Media contact:	Allanah Kalafatelis, Communications Manager Phone work (04) 924 3708, mobile 021 225 4417
	Jenny Bridgen, Senior Communications Adviser Phone work (04) 924 3709, mobile 021 225 4454

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