

# Hon Amy Adams

## Minister for Communications and Information Technology



8 February 2013

## Media Statement

### **Review to provide certainty to consumers, industry**

Communications and Information Technology Minister Amy Adams has announced that two scheduled reviews of the regulatory framework for telecommunications services are to begin immediately.

The first is a review of the Telecommunications Service Obligations (TSO) required under section 101A of the Telecommunications Act 2001.

The second is a wider review of the policy framework for regulating telecommunications services in New Zealand. Under section 157AA of the Act, this review is required to start no later than 30 September 2016 with best efforts to complete that review by 31 March 2019.

Taken together, the reviews will provide a comprehensive look at the telecommunications framework and the rules that underpin it, as New Zealand participates in the shift towards new technologies.

The reviews will focus on the long-term interests of end-users of telecommunications services, taking into account the market structure, technology developments and competitive conditions in the telecommunications industry at the time of the review, including the impact of fibre, copper, wireless, and other telecommunications network investment.

They will also consider the structure and funding of the current TSO.

“I have decided to bring forward the wider regulatory framework review as regulatory certainty is an important factor in the ability of New Zealanders to have early access to high-quality communication services based on new technologies,” Ms Adams says.

“Throughout the establishment of the Government’s UFB and RBI initiatives, user groups were clear in their calls for the need for fibre

connectivity as a priority. The Government is committed to world-class fibre infrastructure, and the long-term gains it will bring.

“Increased certainty around the transition path from copper to fibre will promote development of retail fibre products, boosting the ability of New Zealand homes, businesses, schools and hospitals to maximise the transformative potential of these technologies.

“One common message I have continually heard from consumers and industry is that they want certainty. The policy framework needs to be predictable and stable for all concerned, and in my view, it is therefore desirable that these two reviews get underway immediately.”

The impact of market uncertainty was highlighted following the Commerce Commission’s draft UBA decision, which regulates the wholesale price of providing internet services to other Retail Service Providers to on-sell.

Given the start of these reviews, both the implementation date for the cost-based UBA price set by the Commerce Commission and the deadline for the Commission to complete the UBA review is to be extended to a date no later than 30 November 2015, to allow time to give effect to any changes recommended by the regulatory review. This is to be implemented through legislative change to be made by the end of 2013.

It is widely accepted both in New Zealand and internationally that fibre connectivity is a critical part of our future prosperity.

A study into the economic benefits of fibre estimated the GDP impact of the UFB and RBI programmes will be \$5.5 billion over 20 years, and the economic benefits to New Zealand end-users of high-speed broadband applications will amount to almost \$33 billion over twenty years.

“This gives a sense of the scale of potential benefits for New Zealand consumers from fibre and shows the interests of consumers are best served by having a competitive and innovative market.”

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