

Media Release



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NBN Co formally commits to wholesale price decline in real terms

Regulator to have ongoing oversight role for next 30 years

NBN Co today pledged to freeze the wholesale price of its key consumer and business products for five years and to peg any future price rises to below the rate of inflation.

The pledges constitute a commitment to a decline in real terms of wholesale broadband prices.

They are contained in the Special Access Undertaking (SAU) NBN Co lodged today with the Australian Competition and Consumer Commission (ACCC).

The SAU is an important part of the long-term regulatory framework for fixed-line telecommunications in Australia in the NBN era. It sets out over a 30-year period a number of key terms and conditions of access to the National Broadband Network by telecommunications service providers.

It provides an ongoing role for the Commission in relation to oversight of NBN Co's expenditure, service levels and customer engagement. It also allows the contract between service providers and NBN Co (the Wholesale Broadband Agreement) to be reviewed every two years to facilitate a timely cycle of contract updates.

Jim Hassell, NBN Co Head of Product Management and Industry Relations said: "The revised SAU strikes the right balance between the interests of NBN Co, the industry and most importantly, consumers.

"It provides strong commitments to maintain the affordability of our wholesale prices, to develop new products in conjunction with our customers to meet emerging needs, and to incur costs in a prudent and efficient manner.

"In addition, the SAU also contains a transparent process for ensuring that decisions made by the ACCC are available to all our customers on a non-discriminatory basis."

According to Mr Hassell, the consultation process over the past nine months has been especially productive, allowing NBN Co to address industry concerns, including the way in which any ACCC determinations would flow through into the Wholesale Broadband Agreement (WBA) as each new version is developed.

"Once an accepted SAU is in place, and the next version of the Wholesale Broadband Agreement (WBA) is finalised with our customers, the key elements of the access arrangements for the NBN will be settled, providing a high degree of certainty for our customers," Mr Hassell said.

“Under the SAU, NBN Co commits to hold multilateral discussions with its customers to update the contract terms. We have also committed to a two-year term for the WBA.

“The development of NBN Co’s access arrangements is taking place in a changing industry environment. NBN Co is a wholesale-only business, with no retail arm, and in building a new network our primary motivation is to ensure the success of our customers. We will succeed if they are able to get onto the network and utilise the network’s enhanced capabilities as quickly as possible.

“The SAU strikes a balance between the certainty we need for a significant capital investment in long-lived infrastructure, and the fact that telecommunications is a dynamic and rapidly changing industry, making it difficult to specify contractual and other terms too far in advance.”

The SAU and supporting material is available on the NBN Co website at <http://www.nbnco.com.au/getting-connected/service-providers/sau.html>

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