



Bringing broadband to life

Media Release

5 December 2011

NBN key wholesale prices frozen for five years and to decline in real terms

NBN Co is committing to keeping its wholesale prices for key products fixed for the next five years, and to limit later increases to less than inflation, aiming to ensure real wholesale price reductions over time.

The commitment came in NBN Co's Special Access Undertaking (SAU), a document that sets out the 30-year regulatory framework via which it plans to set price and non-price terms and recover rollout costs, subject to the oversight of the Australian Competition and Consumer Commission.

The release of the SAU follows NBN Co's publication last week of its Wholesale Broadband Agreement (WBA), the twelve-month commercial contract that sets out the detailed terms for telephone and internet service providers who want to sign up to operate over the NBN.

Jim Hassell, NBN Co Head of Product Development and Industry Engagement said: "The SAU and WBA will work together to provide telephone and internet service providers with a new level of certainty on pricing and network access in the NBN world, both today and for many years to come.

"The short-term WBA* is a contract that sets out the full range of commercial arrangements and obligations between NBN Co and its customers – locking in existing prices and confirming information about the products NBN Co is supplying.

"Our corporate plan does not envisage that prices will need to rise to achieve our long-term financial objectives, and the SAU formally commits us to limits on the prices we set in the future. This includes that prices for individual NBN wholesale products will not increase by more than half of CPI in a given year, and possible increases in one year can't be carried to the next if not taken.

"NBN Co was established to develop an open-access, wholesale-only network that would make services available to any service provider on non-discriminatory terms. We aim to create a level playing field that will foster an environment of retail service competition. We won't be providing retail services, so it is in our interests to attract and retain our wholesale customers.

"Not only does the SAU provide industry certainty if accepted by the ACCC, it is in the long-term interests of consumers and businesses because it supports the objective we have been set to offer a uniform national wholesale price for our basic services. This is designed to ensure that, whether in the country or the city, people have the opportunity to enjoy the same prices.

"NBN Co has voluntarily decided to pursue an SAU as we believe it offers an opportunity to reach long-term regulatory certainty earlier than may be possible via alternate processes.

"We have also included a provision in the SAU that should address the concerns of industry regarding recourse to the ACCC, while still maintaining the certainty of our contractual arrangements. Where commercial agreement can't be reached on non-price terms not covered in the SAU, or where NBN Co introduces new prices after the SAU commences, the ACCC can be called upon to settle an outcome. Once the ACCC has made its decision, NBN Co will make the outcome available to all our customers.

“We will also commit to recover only our prudently incurred costs as an efficient network builder.

“Because we are building a network from scratch we can show and justify our actual costs, avoiding the controversy in the past regarding cost recovery based on theoretical network cost models.”

A link to the SAU is available is available on NBN Co's website

<http://www.nbnco.com.au/getting-connected/service-providers/sau.html>

MEDIA INQUIRIES:

Rhonda Griffin

Phone 02 9927 4015

Mobile 0428 134 401

* The WBA excludes NBN Co fixed wireless and Interim Satellite Services which are subject to separate agreements