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STOCK EXCHANGE ANNOUNCEMENT

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Chorus submission on UBA draft determination and UFB policy framework

Chorus has today made a submission to the Commerce Commission in response to the draft price of Unbundled Bitstream Access (UBA) released on 3 December 2012.

The submission calls for an update of the policy framework to ensure the success of the Government's Ultra Fast Broadband (UFB) initiative. It also responds to the draft UBA decision and explains Chorus' intent to apply for a final pricing principle (FPP) review for the Unbundled Copper Local Loop (UCLL) service within the existing framework.

The regulatory framework that has evolved since 2001 addressed the market and industry concerns during that time. New Zealand has seen positive results from this framework with significant broadband growth in recent years.

Chorus CEO Mark Ratcliffe says things have moved on significantly and it's time for the industry to take the next step towards even better broadband with a framework that aligns everyone to a single outcome for the benefit of New Zealand.

"We're seeking a clearer, more stable regulatory environment that delivers the right incentives to encourage the transition to our fibre network, and help New Zealand realise the productivity and economic benefits UFB and the Rural Broadband Initiative (RBI) can deliver," Ratcliffe said.

Chorus has made robust submissions on the Commission's draft UBA decision which continues to highlight the challenges of applying the current framework to the new industry structure. It also emphasises that getting the right balance between copper and fibre pricing is critical to fibre investment and uptake.

Chorus' intention to apply for a FPP is based on ensuring a consistent approach between UBA and UCLL, and an outcome that better reflects the true measure of the cost and investment required to deliver better broadband to New Zealand than the Commission's December draft decision suggests.

The full submission is attached and available at <http://www.chorus.co.nz/investor-presentations>.



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