



Media Statement

9 March 2011

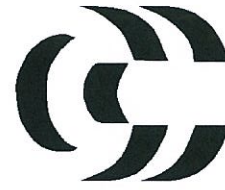
**COMMERCE COMMISSION MEDIA RELEASE – MORE UCLL BACKHAUL LINKS
ARE COMPETITIVE**

The Commerce Commission has today released the attached media release in relation to More UCLL backhaul links are competitive.

ENDS

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COMMERCE COMMISSION

Media Release

Issued 9 March 2011/No. 100

More UCLL backhaul links are competitive, says Commerce Commission

The Commerce Commission today announced that 88 unbundled copper local loop (UCLL) backhaul links are now competitive. The decision is a result of a review by the Commission into whether Telecom faces competition in providing this service.

“The number of competitive links has increased because of UCLL unbundling and the consequent deployment of backhaul links by alternate providers,” said Dr Ross Patterson, Telecommunications Commissioner. “The Commission has also concluded that TelstraClear provides a competitive constraint on Telecom on all links where it has fibre cables within 2kms of a Telecom exchange,” said Dr Patterson.

Backhaul services provide Telecom’s competitors with access to transmission capacity on specific routes between Telecom’s local exchanges and the competitors’ networks. This allows competitors to provide communication services, such as voice and broadband to households, without having to replicate Telecom’s network. Where the Commission finds that a link is competitive, the terms of the UCLL backhaul standard terms determination (STD) will not apply. By contrast, where Telecom is found to face limited competition on a link, the terms of the UCLL backhaul STD will apply.

As part of the review, the Commission considered whether the lack of the ability to aggregate backhaul for multiple providers is preventing competition from developing in the UCLL backhaul markets. “The Commission concluded that Chorus’s recently launched commercial co-location offer does not restrict competition from developing in backhaul markets,” said Dr Patterson.

The final report can be accessed on the Commission’s website at <http://www.comcom.govt.nz/competition-reviews-for-uba-backhaul-and-ucll-backhaul-services/>

Background

UCLL (local loop) is the unbundled copper local loop network service and refers to the service that enables access to, and interconnection with, Telecom’s copper local loop network. It allows telecommunications companies to supply voice and broadband services to retail customers without the need to replicate the local loop.

In June 2008, the Commerce Commission released the unbundled copper local loop backhaul standard terms determination (STD), which set out which backhaul routes were subject to regulation, as well as the terms and conditions governing the supply of the backhaul service on those routes.

The Commission's UCLL backhaul decisions and related documents can be found on its website at: www.comcom.govt.nz/unbundled-copper-local-loop-backhaul-service/

Documents related to the reviews, including public copies of information provided by Telecom (Group) and Chorus are available on the Commission's website at: www.comcom.govt.nz/competition-reviews-for-uba-backhaul-and-ucll-backhaul-services/

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